JUSTICE: The Rush to Sue • **CLINTON:** All the President's Women

CANADA'S WEEKLY NEWSMAGAZINE

Maclean's

MARCH 30, 1998

The Scoop On

CONRAD BLACK

The plan for a new daily has his rivals in a tizzy

By Anthony Wilson-Smith



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Maclean's CANADA'S WEEKLY NEWSMAGAZINE

This Week

MARCH 30 1998 VOL 111 NO 13

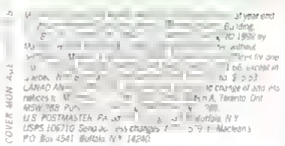
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COVER IMAGE: PETER BREGG/MACLEAN'S

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The scoop on Conrad Black
With Canada's reigning media mogul poised to launch a new national daily, the country's rival newspapers are tooling up with bigger budgets... more color and new features. Turmoil and change are everywhere, including at the good, grey *Globe and Mail*



PETER BREGG/MACLEAN'S

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PHOTO: BARRY CLARK FILMS

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From The Editor

The proprietor and his press



Conrad Black is notorious among journalists for having once described some of them as "ignorant, lazy, opinionated, intellectually dishonest and inadequately supervised." That view was widely shared by many members of the first three estates. But they did nothing for Black's image among the fourth—the working press—and certainly not those who have felt his litigious wrath over the years. His legendary libel suits arrived in newsrooms with the intensity of carpet bombs on enemy headquarters. Now married to *Maclean's* columnist Barbara Amiel, and the owner of the third-largest newspaper barony in the world, Black has mellowed on the subject of journalists—although he has not retracted his earlier assessment. At the same time, following a painful period of cutbacks and layoffs in the newspaper business, Black has actually emerged in the late 1990s, in his words, as "the greatest corporate friend Canadian print journalists have."



PETER BREGG/VIA LEANS

Black last week: 'friend' to print journalists

No doubt the 173 people laid off after Black's Hollinger Inc. acquired *The Leader-Post* in Regina and *The StarPhoenix* in Saskatoon in 1996 would not agree, nor would the 242 sacked when he bought the *Chicago Sun-Times* in 1994, nor the 2,900 slashed from London's *Daily Telegraph* after he claimed it in 1986. But in rival newsrooms across the country today, reporters are being hired and salaries are rising for top people as Black's rivals staff up and expand, anticipating the launch of his new national daily paper (page 14). If the many left-leaning journalists do not see Black as their friend, they at least concede that he has been good for their business.

The rebound is a welcome sign for those of us who have lived through the painful demise of a newspaper or magazine, or who have confronted our own cutbacks and tight budgets. Paper prices and the economy may still conspire to take the bloom off the rose, but for now Canadians are experiencing an unusual and promising period of newspaper competition. Montreal, for all the ills inflicted on the town by the separatist government of Quebec, has a lively market with four daily papers, Toronto has four English dailies, Halifax, Sherbrooke, Que., Quebec City, Winnipeg, Calgary, Edmonton and Vancouver have two papers each.

There is a legitimate concern that Black owns so many of them—58 out of 106. Critics on the left also insist that the voices of the mainstream press, and Black's presses in particular, are largely corporate—as iconoclast and journalist A.J. Liebling once remarked, "Freedom of the press is guaranteed only to those who own one." But Black insists that he wants a separation of reporting and opinion, and high-quality work. Indeed, his revitalized dailies in Montreal and Ottawa offer a range of views across the spectrum. Black presumably knows that at a time of growing competition, when Canadians are cantankerous and demanding of their institutions, it is a reckless owner who breaks the trust with his readers for ideological, or other, purposes.

Robert Lewis

Newsroom Notes:

The daily Conrad

Covering the media can be incestuous. When word got around that *Maclean's* was preparing a major story on Conrad Black's plan to launch a new daily newspaper, writer Anthony Wilson-Smith's office phone rarely stopped ringing as people from various papers called in with anecdotes and gossip. In all, Wilson-Smith did more than two dozen interviews with reporters, editors and key executives—ranging from Black himself to Stuart Gamer of Thomson Newspapers, John Honderich of *The Toronto Star* and Paul Godfrey of Sun Media Corp. In addition to the main story on Black's plan, the package includes an inside look at efforts at *The Globe and Mail* to respond, and an analysis of the resurging newspaper market. As for relevance—more than half of English-speaking Canadian newspaper readers regularly buy a paper owned by Conrad Black.



Wilson-Smith: two dozen interviews

Egoyan's diary

Next week, *Maclean's* will feature an exclusive Oscar night diary from one of the featured participants, Canadian filmmaker Atom Egoyan, who clearly has an eye for detail. Egoyan secured two Oscar nominations, for best director and adapted screenplay, for his unconventional drama *The Sweet Hereafter*.



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The Mail



PETER LEE/MACLEAN'S

Charest: hero to slay separation dragon?

Canada's savior?

So, Canada is to be saved if Jean Charest heads up the Quebec Liberal party and whomps Quebec Premier Lucien Bouchard in the next provincial election ("Ready to run," Cover, March 16). Nonsense. As long as Canadians believe that their only hope of staying together depends upon some hero swashbuckling his way onto the political stage to slay the separation dragon, we will sit on our hands. Our only hope of survival relies on our tossing aside such theories and taking action ourselves. The Quebec francophone culture is as central to our identity as the anglophone one. We are not a country without both.

Marilyn Callahan, Victoria

I am tired of the media hype that Jean Charest is the only person who can save Canada. I don't deny that curly Charest has a pleasant personality, good looks and is a passionate orator, but in my view, under that facade is a cool, calculating, self-serving, power-hungry politician. When he was a member of the Mulroney cabinet, Charest was an ardent promoter of the "distinct society" special status for Quebec, an idea twice rejected by Canadians. Now, it's the "unique character of Quebec society." It sure is unique with its discriminatory language laws that relegate more than two million non-francophone Canadians residing in Quebec to a second class status.

Jerry Kasanda, Egbert, Ont.

To win in Quebec, Charest will promise everything in the Meech and Charlottetown accords and more. Prime Minister Jean Chrétien will then try to get the rest of Canada to buy into more bribery, and we will take another three steps backwards. The answer will only be found in honest leadership, equality of all Canadians and reform of our out-of-date parliamentary systems.

Eric J. Bysouth, Langley, B.C.

I agree entirely with Jacques Chagnon, the Quebec Liberal party caucus whip, who observes Daniel Johnson's "brilliant timing" and his forecast of "an election win and new relations with the rest of Canada." However, Chagnon may want to rethink the strategy of "no referendum." I suspect a national referendum with the simple question "Should Quebec leave Canada?—Yes or No" would result in more than 60 per cent of Quebecers and 85 per cent of Canadians voting No and putting an end to the question.

Steve Brewer, Toronto

Instead of Jean Charest joining the Liberals to save them, why don't they offer to follow him into a federalist coalition, which would welcome supporters from all federalist groups, and form a combined front against separatism? If it is a time for sacrifice for the sake of the nation, let all our leaders do their share. I believe that, if the rest of us politicians and common people both, show a willingness to share this sacrifice, we could all be winners.

Cam Raven, Kingston, Ont.

Robert Lewis asks, does Jean Charest have "the right stuff" to beat Lucien Bouchard ("A moment in history," From the Editor, March 16)? The answer is no. The driving force behind Quebec separatism is ethnic nationalism, which places collective identity above individual identity—or blood and language above reason and individual rights. Charest can't undermine Quebec's strong separatist sentiment unless he explicitly debunks ethnic nationalism and upholds reason and individualism. But Charest won't do it because he supports the notion of Quebec as a "distinct society," thus conceding the moral high ground to Bouchard.

Glenn Wolceshyn, Calgary

Promoting curling

Curling is growing rapidly around the world as many juniors—and their parents—realize that it is a fantastic game ("Sweep stakes," Special Report, March 16). Having taught curling to both juniors and adults for more than 20 years, I am a true believer and promoter of the sport. In my experience, juniors find the game skilful, challenging and most of all pure fun. Isn't this what the aim of *all* sports should be? Novice curlers soon find that, with a bit of practice, one can become very proficient, and the possibilities of both social and competitive curling are superb. Many schools now incorporate curling as part of their physical education program. Curlers may not often fit the model of a true jock, however, they all know that the game leads to a wonderful social pastime and athletic outlet, which they may continue playing all of their lives. If you become really good at the sport, you can now even become an Olympian.

Ernie Comerford, Calgary

Immigration policy

There is nothing racist about insisting that immigrants to Canada be proficient in at least one of the two official languages ("The new politics of language," Canada, March 16). Even an MBA and good work experience from another country will be for naught if an immigrant is unable to compose and understand a business letter written in one of Canada's official languages. Even more than that, a common language is essential for harmony and understanding. Having lived in Greater Vancouver for several years, I now truly understand the language issue in Quebec. I fully understand why the Quebec government sought to make all businesses operate in French and to have the children of immigrants schooled in French. I have learned that language is an incredibly volatile issue and simply cannot be compromised. Yes, I welcome immigrants from all countries,

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religions and racial heritages. But, please let's ensure we all get along, and the only way to do that is to insist upon a common means of communication

Dave Hopkins
Burnaby B C

Architect Bing Thom is not the only one to know discrimination. When my father emigrated to Toronto from England at the end of the First World War, all the factory gates had the sign "No Englishman need apply." So he too, had to retreat, not to Hong Kong, but to the Northern Ontario bush. What troubles me is that current demographic trends project that Chinese will become the dominant language in British Columbia around the year 2042. Can Thom give me any credible assurance that when that happens, the host society will not be displaced, as it was in Singapore? Canada might well survive the separation of Quebec, it could never survive the separation of British Columbia.

R C Quitterton
Bowser B C

Revamping immigration policy is a contentious issue for any nation, as Germany has learned, and as we are currently seeing in Canada. Certainly, Quebec-style linguistic militancy seems a simplistic and harsh mechanism to protect Canadian culture. Canada would lose many potentially productive citizens by indiscriminately barring newcomers who speak neither English nor French. Once in Canada, however, immigrants should strive to assimilate and enrich our community, and not hide in unilingual foreign language enclaves.

Michael Lohmann
Stevenson Island, Man

'Looking for fools'

I read with interest your article "The Nigeria scam" (Business, March 16). I have received a few letters over the past year or two from different sources in Nigeria. The offers I received must have been worded a

The Road Ahead

A welcome boost for international aid

On Feb. 24, the budget speech brought thousands of compassionate Canadians to their feet as they listened to Finance Minister Paul Martin breathe hope into the lives of millions of poverty-stricken people worldwide. Mercifully, next year's overall cut to international aid programs will now be only 4.8 per cent instead of the planned 7.3 per cent, making $90 million more than planned available for development assistance. This money can be spent on immunization, anti-malaria and tuberculosis initiatives, maternal and child health, and other programs.

Hats off to Martin for listening and acting. He clearly realizes that if some of us on the planet are suffering, then the whole planet suffers. We must never let Martin forget that child death from malnutrition is a constant and silent reality. Only if we continue to increase our spending on targeted foreign aid will this condition change.

As much as this $90 million will make a difference if it goes to primary health and immunization, it is only a fraction of what is needed. Official development assistance is down to 0.32 per cent of our GNP. When the finance minister's father, Paul Martin Sr., was a cabinet minister in the 1960s, Ottawa set 0.7 per cent of GNP as the target. Canadians felt that amount of spending would make a difference in the lives of the world's poorest.

UNICEF's current State of the World's Children report reveals that 12 million children under the age of 5 die every year in the developing world—and malnutrition contributes directly or indirectly to 55 per cent of those deaths. The impact of this scale of world malnutrition can be compared to the black plague of the Middle Ages. The United Nations Children's Fund reminds us that half the children in South Asia suffer from malnutrition, as well as one-third of the children in sub-Saharan Africa. Strikingly, millions of children in industrialized countries are also malnourished.

Programs in which this budget can make all the difference include the promotion of breastfeeding exclusively for the first six months of life. Nothing is better for the nutritional well-being of the child.

Canadian efforts to promote iodized salt and vitamin supplements in developing countries have been praised around the world. Iodine helps prevent brain damage and physical impairment. More than 60 per cent of the world's salt has been iodized, up from 12 per cent five years ago. And the Canadian government will supply 200 million vitamin A capsules this year. This means many millions of children will be spared death from measles and chronic diarrhea.

The minister for international co-operation and the francophonie, Diane Marleau, has gained new credibility from saying the government remains committed to the fight against malnutrition. She has said she would urge the cabinet to stop or slow $150 million in funding cuts to the Canadian International Development Agency scheduled under the budget for next year. The decline in the rate of reduction of official development assistance may be the beginning of a badly needed reversal in policy.

J. W. (Bill) Campbell,
Charlottetown

The Road Ahead invites readers to advance specific solutions to Canada's political, social and economic problems. Unpublished submissions may run condensed as regular letters or appear on an electronic bulletin board.

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Healthy Bites

A Stroke in Fat's Favour?



Don't go to extremes. A balanced diet is best of all

Do you believe that when it comes to dietary fat – particularly of the saturated variety – the lower, the better? Well, according to new evidence from a 20-year follow-up portion of Framingham Heart Study, the longest-running cardiovascular study, what's been noticed for years in Japan may hold true here, too. They've found a **higher** risk of stroke in people who ate **minimal** fat particularly if it was less monounsaturated fat (found in large amounts in canola and olive oils) and less saturated fat (found, for example, in meat and dairy). Since this follow-up was conducted on 832 middle-aged men, more research is needed to ascertain whether the same protective effect of fat occurs in women and seniors. Nevertheless, this study and the others done in Japan emphasize an important principle in nutrition: extremes (too much or too little of any one thing) are rarely desirable, and a balanced diet is best of all.

THE GREAT GAFFESBY

It's not unusual for people to harbour misconceptions about diet. These are some common dietary gaffes:

- cutting out *red* meat (you should definitely cut out green meat!) or any nutritious food to limit fat and cholesterol
- choosing food for what it doesn't have (like the lack of fat in low-fat cookies) instead of what it does have (like the nutrients in fruit, yogourt and cheese), and
- substituting diet sodas or black coffee for nutritious drinks (like milk and juice) to cut calories.

Reliable nutrition experts agree. . .



The best source of calcium is food, not supplements. This is mostly because bones, like other body tissues, require a wide variety of nutrients to develop normally and remain strong. For example, calcium is crucial for bones, but other nutrients such as vitamin D, protein, phosphorus, magnesium and zinc are also important. What's more, numerous studies have shown that a diet low in milk and other milk products (the richest natural sources of calcium) is also low in many other essential nutrients. Calcium supplements can't fix that, but cheese and yogourt sure can help.

Gabby Gals

If you're among those who are convinced that women are born with the gift of gab, you may be on to something. A recent report in the Lancet suggests this behaviour may be preprogrammed. Even in the womb, female fetuses between 16 and 20 weeks' gestation move their mouths more than do male fetuses that age. Maybe they're just warming up!

From the Dairy Bureau of Canada

THE MAIL

bit differently than those referred to in your article. To me, they seemed to read 'looking for fools in Canada . . . wishing to extract money . . . please supply bank account and access codes.' I guess I should have realized the attraction when I showed them to a few friends. On both occasions I was asked for the letter, if I wasn't going to take advantage of the offer. Offer only good in Canada, I'm sure.

Murray Marien
Saskatoon

I must be missing something. Why are we using RCMP resources to protect well-fixed professionals from their own greed? These aren't pensioners buying bogus lottery tickets. I say they deserve what they got.

Mary Malkin
North Vancouver

Balanced investment

How refreshing it is to read a balanced piece on the Multilateral Agreement on Investment, having been the recipient of countless barrages from the leftist Maude Barlow of the Council of Canadians ("MAI misgivings," Business, March 16). How many times must industry spend millions on feasibility studies in a foreign country only to find that, when the nitty hits the gritty it encounters webs of licences, permits and the burdens of congenital local and national nepotism? It seems that Canadian fears are easily aroused and devoid of ideas except those of the protectionist left. Isn't it about time that we stop whining and creatively compete with universal investors? Or are we the authors of an intimidated nation: one that chooses to die the death of a thousand cuts?

D. Grant DeMan
Royston, B.C.

Raising hell

Your article on the Hells Angels ("Message in a bathtub," Canada Notes, March 16) is accompanied by a photo of a Quebec contingent of the bikers. The insignia on their jackets is clearly in English only. The French language commission must intervene immediately to insist that "Anges d'Enfer" be prominently displayed.

I. M. Friedman
Salt Spring Island, B.C.

Predisposing support

Your report of the National Academy of Sciences Proceedings is misleading in using the term "biologically determined" ("Lesbians and genes," Health Monitor, March 16). No serious scientist today would use those words, as biological or genetic determinism is rejected by biological and genetic science. What your article perhaps meant to say was "the theory that a *biological predisposition* may affect sexual orientation has won new support." "Predisposition" is a more qualified direction, whereas "determined" would mean that everything is already fixed before a person is even born.

Ian Ritchie
Winnipeg

Interesting tax break

Who could argue that Canadians should be "Celebrating low interest rates" (The Road Ahead, March 16)? Were the factors affecting interest rates not so complex, one might even concede that the elimination of the deficit has lead to lower rates. However, it requires the considerable skills of a mental contortionist to see lower interest rates as a federal budgetary tax break. Does that mean that if interest rates of five years ago had been even higher, the government could be receiving credit for even greater tax breaks today? But what of those thrifty Canadians who have their house and car paid off? Or those who are too poor to have financed a house or car in the first place? It appears that this budgetary tax break is available only to those who are as much in debt as the government itself. If one were to follow Medric Cousineau's logic, we would all do well to 'invest' in debt today to position ourselves to enjoy any comparative interest rate drops in the future.

Betty Storie
Cranberry Portage, Man.

'Most humane thing'

I say yes to the question "Does a doctor have the right to end a patient's life?" ("The final hours," Cover, March 9)—if the patient has a living will. I am a young chap of 94 and without my living will, I would not be filled with the contentment I have knowing that I will not have to go through what millions of other seniors have to look forward to. I do not agree with euthanasia, as it is something that can be abused by our judicial system and politicians, whereas a living will cannot be abused by anyone, as it is one's written wishes allowing one to leave this world with dignity and respect.

F. G. Cooper
Richmond, B.C.

I am a 36-year-old widow with three children. My husband of 13 years died two years ago of esophageal cancer. The last week of his life, I stayed with him in the hospital day and night. If it could have been granted by a doctor, my husband would have gladly given permission to end his life about two weeks earlier. It was not until I went through this and I watched his suffering that mercy killing entered my mind. Now, I think in some cases, it is one of the most humane things to do.

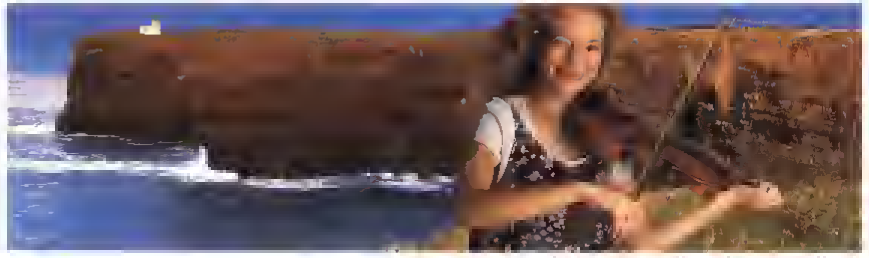
Tammy Carew
Cape Bayle, Nfld.

Academics on-line

Your March 2 article "A wired revolution" (Education) describes two Nova Scotia campuses whose teaching innovations may "foreshadow" the day when English majors graduate with "technological smarts." Try looking at Canada's other coast for another small Canadian university, the University of Northern British Columbia, where that day came a year ago, when an interdisciplinary MA graduate centred in the English program walked from the podium into a job advising other academics how to utilize the World Wide Web—thanks to her graduate work in hypertext markup language, which included putting a marked up Shakespeare play on-line.

David Dowling,
Chairman of the English program,
University of Northern British Columbia
Prince George, B.C.

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WHAT MATTERS TO CANADIANS

Editorial Update



Atom Egoyan's Oscar Diary

Atom Egoyan will take Maclean's readers inside the hype and the hoopla of the Academy Awards with his "Oscar Diary" in next week's issue

Egoyan, nominated for best director and best adapted screenplay for his mesmerizing drama *The Sweet Hereafter*, will go to Hollywood and keep a personal journal about what it is like to be at the centre of the circus known as the Academy Awards.

The director is no stranger to award galas and publicity (*The Sweet Hereafter* has already won three prizes at the influential Cannes Film Festival, eight Canadian Genie Awards and a raft of glowing reviews). But nothing equals the pomp and ceremony of the Oscars — and the exposure it can give a director

From the first news of the nomination and the flood of congratulatory messages to the moment clips of *The Sweet Hereafter* are shown before an audience of a billion people, Egoyan will report on his experiences and reflect with a voice that is uniquely his own

Watch for Atom Egoyan's Oscar Diary exclusively in Maclean's April 6 issue (available on most newsstands on March 30)

Newsstand Notes



Maclean's TV

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Column



Barbara Amiel

The unseemly pillorying of Alan Eagleson

I suppose this is how it was when the mob yelled for Barabbas' ugly faces waiting to see human flesh torn. Watching Canadian mobs behave now in the best tradition of carrion vultures over the body of Alan Eagleson is an unedifying spectacle

This is not to deny that Alan Eagleson was a walking conflict of interest. He represented every side of a deal and the floor as well. He appears to have made deals that no decent fiduciary could make and violated every credible interpretation of a fiduciary trust.

The only thing that could contradict this impression would be a trial in which Eagleson would put up his defence to each and every one of the charges. But we will never have that because of the bully-boy tactics employed by the U.S. judicial system and endorsed by the baying mob

Here are some aspects of the story not much discussed. *Does the public actually know what Eagleson was guilty of?* No. He pleaded guilty to three fraud charges in Canada and three counts of mail fraud in the United States. The first two mail fraud charges are meaningless: they arise from a form letter he sent to all players, denying that he ever profited from various hockey-related projects. The third arises from a $21,000 fee he accepted in relation to a hockey insurance matter. The prosecution argued that as hockey czar he should have acted for the player free of charge. It's probably a civil matter, at best.

But he did plead guilty, so he must be guilty of something. Not necessarily. Eagleson was faced with charges under the RICO (Racketeer Influenced and Corrupt Organizations Act) statute in the United States. This law, which is the subject of furious controversy in legal and academic circles, is a form of legalized extortion by the state. Once charged under RICO, a defendant can have all his assets forfeited before trial. His attorney may have any fee he is paid by the client forfeited to the state—which discourages lawyers from defending RICO cases. The draconian sweep of RICO reverses onuses and presumptions, making any defence more difficult and complicated. Besides forfeiture of assets, penalties may include fines and up to 20 years in prison. The statute is often used to force an accused into plea bargaining when prosecutors feel proving their case under normal civil or criminal procedures would be difficult.

If Eagleson was charged under RICO, the Americans must know he is a racketeer. RICO was originally intended to fight organized crime, but it has lately been used against anti-abortion protesters, doctors, politicians, banks and the American Family Association when it protested the selling of *Playboy* and *Penthouse* by bookstores

Eagleson is in his 60s. Fighting RICO through the courts could take the next 10 years and cost millions (which it is highly unlikely he has). Anyone under 50 years of age may not grasp the problem. Under 50, life seems endless. But the beginning of old age is a difficult time to lock horns with an instrument of terror like RICO, often used by zealous prosecutors against defendants who are not racketeers in any sense of the word.

He's getting the easy option now. Eagleson paid a million-dollar fine and has been in jail for over two months. If he were not Alan Eagleson, he would already be out on a temporary absence program—for which a reformatory inmate is immediately eligible. The likelihood is that because his case is so high profile, he will serve longer than many penitentiary inmates.

Summary. None of this is to say that Eagleson is not guilty of everything with which he was originally charged and/or the charges to which he pleaded guilty. We simply don't know. But I haven't seen a single television or newspaper account that begins to deal with the controversial and substantive role of RICO in the Eagleson matter.

> He did not defend himself in court because of the U.S. judicial system's bully-boy tactics, endorsed by the baying mob

The much praised book *Game Misconduct* by Russ Conway, for example, may be accurate in details, but brings an inaccurate sensibility to the story. Eagleson built up his hockey edifice in a different culture to that of today. Heaven knows one may not like that culture, with its laissez-faire attitude to expense accounts and disclosure, but even according to Conway's own account, Eagleson generally had most of his cards out on the table.

It's a separate matter that the players didn't look at those cards. Conway provides many examples of players saying they didn't know what was going on when they signed forms and letters of agreement. Today's sensibilities were not those of the embryonic culture of showbiz hockey in the 1960s and 1970s.

Eagleson's ethos then was shared by his associates and the players. An aspect of justice is the need to judge according to the times in which a man lived. Where would the players be if there had been no Alan Eagleson? Who created their mega-salaries and the world in which they now live? And what happened to the notion that a man is sentenced to his punishment, pays his debt to society and then is rehabilitated? Must we continue this sequential piling up of non-judicial punishments after the verdict?

When the Hockey Hall of Fame kicks out Eagleson later this month—if he doesn't resign first—will it disown the Canada Cup he created, the international games, the whole edifice of hockey today? Taking away his place in the Hall of Fame is like saying that a man who wins the Victoria Cross for bravery could have it taken from him if he embezzled the army as a supply officer. What does one thing have to do with the other?

Eagleson may have suffered a hideous moral lapse, but ours will be no less if instead of viewing his life in proportion to the good and evil he may have done, we exhibit a behavior over his fallen body more appropriate to a band of hyenas

Opening Notes

Edited by TANYA DAVIES

The 'Worlds' can wait



Stojko in Nagano: time to rest his injured leg

Elvis Stojko risked serious injury for Olympic gold, but he is not about to tear up his ailing leg for a shot at a fourth world championship. The Richmond Hill, Ont., figure skater, who competed in Nagano, Japan despite the nagging groin pull, announced last week that he will not defend his title at the World Figure Skating Championships in Minneapolis in early April. As a result, Jeff Langdon, 21, of Barrie, Ont., and 17-year old Emanuel Sandhu of Richmond Hill, Ont., will be Canada's only representatives in the men's competition.

Doctors advised Stojko, 25, that the injury he sustained at the Canadian championships in January had not healed properly, and that it could become chronic if he kept training. The three-time world champion said he would rest before beginning a spring U.S. exhibition tour. And while he would not say if he planned to join the lucrative professional circuit next season, a source close to the skater told *Maclean's* that Stojko has already decided to remain amateur for at least another year. Stojko may have tipped his hand, saying: "Maybe there's a little more money in pro skating, but I've always enjoyed the challenge of top-level competition." Perhaps more to the point, one more world title would give him the same number as his longtime rival, Kurt Browning.

Hemp with a head

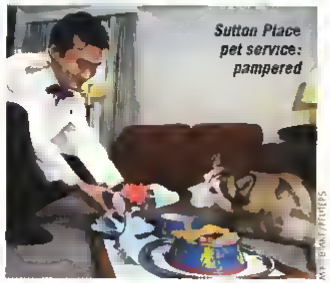


Bowen Island Brewing Co. is creating a buzz with its new beer, Hemp Cream Ale. The Vancouver microbrewery has launched the first beer in Canada made from hemp, the non-intoxicating cousin of marijuana. "The phones have been ringing off the hook," says sales manager Les Patterson. "Bars and restaurants are begging us to send them kegs." The first establishment to serve the novelty beer, which has a 4.5-per-cent alcohol content, was The Longhorn in Whistler, a resort 150 km north of Vancouver known for excessive partying. "People are going to try it because of the name," says general manager Norman Strim. "Which is fine by us."

The beer is made from sterile seeds of the same commercial hemp used to weave rope and textiles. Although it contains only 0.3 per cent of tetrahydrocannabinol—THC—which is responsible for the marijuana high, the brewer tests each batch to make sure drinkers don't get more blitzed than they bargained for.

When the idea of a hemp beer was first suggested last year, Patterson says most staff laughed at the idea. Everyone except Don Bradley, Bowen Island owner and brew master, who began a six-month experiment to create a palatable beer. And while the company is thrilled with Hemp Cream's reception, Patterson points out that Bowen Island does not endorse marijuana use. "We're just making beer, that's all."

Champagne cats, caviar canines



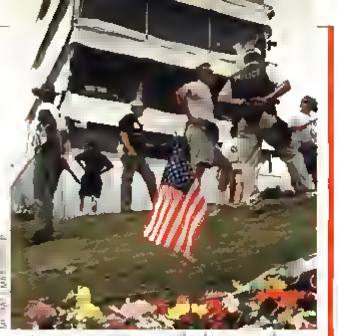
Sutton Place pet service: pampered

While many luxury hotels offer VIP treatment to their guests, Vancouver's Sutton Place Hotel has taken pampering one step further. Last month, the five-star establishment introduced its Very Important Pet program. Starting at $95 per day, Fido or Fluffy will receive extras such as a massage, regular walks and room service that would make most humans drool—grilled T-bone steak or seared tuna topped with caviar. Each entrée is served on fine porcelain with a bowl of Evian water to wash it down. And while the turndown service does not include a chocolate on the pillow, the favored pet does receive a bedtime treat of either a biscuit or anchovy-flavored popcorn.

Judy Ahola, director of public relations at the hotel, acknowledges that, to date, no one has booked the service. But she says the hotel has received several inquiries about it. "People are beginning to plan their summer vacations," she says. "And we are offering the option of giving their pet a bit of a break, too." In the highly competitive tourism industry, it would seem that the Sutton aims to be—or, at least, cater to—top dog.

Caught on video

The search for whoever planted a lethal bomb at the 1996 Atlanta Olympics has expanded to Canada. After poring over 500 home videos and 17,000 photographs collected from Olympic tourists, the FBI has asked the RCMP to help it identify an individual in one of the videos. An RCMP officer says the person, face indistinct beneath a baseball hat, leaves a knapsack on a bench where the bomb exploded and walks away. The FBI apparently hopes Canadian journalists and photographers who covered the Games might have other images of the person, so the Mounties recently began questioning them. "We only want to check if there are any additional photos or footage of the area," says the RCMP official. Atlanta security guard Richard Jewell was originally suspected of the bombing that killed 44-year old Alice Hawthorne and injured more than 100, but the U.S. justice department cleared him in October 1996.



Atlanta bomb site: questioning Canadians

Linguistic lessons

For a new Montreal-area school board, finding a name has proven to be a lesson in futility. The Quebec Typonymy Commission—the government geographical name agency—recently rejected its proposed moniker, Montreal English School Board, for reasons that have raised eyebrows in the anglophone community. The commission—which is overseeing the naming of Quebec's 72 new school boards reorganized along linguistic rather than religious lines—nixed it because the adjective "English" serves as a qualifier for school board, which is not allowed under the criteria. The board has since switched its title to *English Montreal* School Board, which it believes will make the grade. Says board chairman George Vathilakis: "How else can you identify a board that is situated on the Island of Montreal and the language of instruction is English?"

BEST-SELLERS

FICTION

1. **Paradise,** *Toni Morrison (2)*
2. **The Street Lawyer,** *John Grisham (1)*
3. **Girlfriend in a Coma,** *Douglas Coupland (5)*
4. **Birthday Letters,** *Ted Hughes (4)*
5. **Pandora,** *Anne Rice*
6. **The Underpainter,** *Jane Urquhart (10)*
7. **Cold Mountain,** *Charles Frazier (8)*
8. **The House Gun,** *Nadine Gordimer (9)*
9. **Larry's Party,** *Carol Shields (7)*
10. **Cloudsplitter,** *Russell Banks (6)*

NONFICTION

1. **Simple Abundance,** *Sarah Ban Breathnach (1)*
2. **The Man Who Listens to Horses,** *Monty Roberts (6)*
3. **Angela's Ashes,** *Frank McCourt (4)*
4. **The Millionaire Next Door,** *Thomas Stanley and William Danko (3)*
5. **Into Thin Air,** *Jon Krakauer (10)*
6. **Reflections of a Siamese Twin,** *John Ralston Saul (6)*
7. **The Warrior's Honour,** *Michael Ignatieff (9)*
8. **1867: How the Fathers Made a Deal,** *Christopher Moore (7)*
9. **Talking to Heaven,** *James Van Praagh (2)*
10. **How the Mind Works,** *Steven Pinker*

() Position last week. Compiled by Brian Bethune

Fun for the year 2000

Preparing children for a once-in-a-lifetime event, *The Kids Guide to the Millennium*, by Anne Love and Jane Drake is an activity workbook that educates and entertains. A time line starting at AD 1 runs down the side of every page, highlighting important events and interesting tidbits, such as the invention of the umbrella in China in 409.

POP MOVIES

Hot stars and heists



Based on the true story of America's most successful bank robbers, *The Newton Boys* stars four of the hottest young actors on the screen. Matthew McConaughey (*A Time to Kill*), Ethan Hawke (*Gattaca*), Vincent D'Onofrio (*Men In Black*) and Skeet Ulrich (*Scream*). From 1919 to 1924, the Newton brothers robbed more than 80 banks without killing one person.

Top movies in Canada, ranked according to box office receipts during the seven days that ended on March 19. (In brackets, numbers of screens/weeks showing.)

1.	**Titanic** *(183/13)*	*$3 032 990*
2.	**The Man in the Iron Mask** *(170/1)*	*$2 580 670*
3.	**U.S. Marshals** *(161/2)*	*$1 193 370*
4.	**Good Will Hunting** *(111/13)*	*$711 090*
5.	**The Wedding Singer** *(117/5)*	*$530 590*
6.	**The Big Lebowski** *(98/2)*	*$435 680*
7.	**Hush** *(104/2)*	*$431 410*
8.	**As Good as It Gets** *(100/13)*	*$357 180*
9.	**The Borrowers** *(109/5)*	*$285 430*
10.	**Twilight** *(76/2)*	*$250 010*

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Passages



DIED: Public broadcasting pioneer **John Craine**, 69, at his home in London. Starting as a part-time radio announcer in Calgary in the late 1940s, Craine worked for more than 40 years at the CBC and was instrumental in creating new radio shows, including *The World at Six* and *As It Happens*. During the 1980s, he focused on CBC television and introduced the award-winning series *Degrassi Junior High*. He retired in 1995 as director of CBC's London office.

DIED: Veteran stage actor **Eric Donkin**, 68, of a heart attack, while rehearsing onstage at Stratford, Ont. Donkin spent 26 seasons with the Stratford Festival company, winning a Dora Mavor Moore Award in 1987 for his performance in the touring production of *The Mikado*.

WON: A record 15 medals by the Canadian Paralympic team, at the Winter Paralympic Games in Nagano, Japan. The team was led by the gold-winning performance of alpine skier **Dan Wesley** of New Westminster, B.C.

RETIRING: Former alpine skiing world champion **Kate Pace Lindsay**, 29, from the World Cup circuit. Downhiller Pace Lindsay was ranked second in the world in 1993, and won back-to-back races before a knee injury led to a steady decline.

APPOINTED: Former Quebec premier **Pierre Marc Johnson**, 52, as interim president of the popular Just for Laughs festival in Montreal. Johnson, who was a Parti Quebecois premier for two months in 1985 before losing an election to Liberal **Robert Bourassa**, replaces founder **Gilbert Rozon**, who is currently defending himself against charges of sexual assault, assault and forcible confinement.

CHARGED: NBA basketball player **Latrell Sprewell**, 28, with reckless driving in Martinez, Calif. Sprewell, who is currently serving a season-long league suspension for attacking his coach **P.J. Carlesimo**, slammed into another vehicle while speeding, injuring two passengers.

THE SCOOP ON BLACK

BY ANTHONY WILSON-SMITH

The press lord is poised to launch his new daily

Conrad Black was feeling satisfied, yet a bit frustrated. Since his arrival last week in Toronto from his usual base in London, he had been pleased by the overwhelming media interest in his tentative plans to launch a new national daily newspaper. But he also grumbled to associates that he did not want to be "bullied" into announcing a decision before he was ready. Now, on a Thursday night, Black, whose Hollinger International Inc. is the controlling shareholder in the Southam Inc. newspaper chain, was being driven from his downtown Toronto office to an 8:30 dinner. And with characteristic precision, but somewhat uncharacteristic patience, Black was again discussing the issue. The decision, he said, "will be announced by the end of March—but I take the liberty of including the week extending into April in that calculation."



That is the formal gospel according to Black. Then, there is the word going around newsrooms all across the country: all systems are *go* for Black to undertake one of the most audacious gambles of his career. Even for a man whose Hollinger empire (which owns 58 per cent of Southam) makes him the third-largest newspaper owner in the world, the stakes are enormous. The launch of a new newspaper will cost—even if things go exactly according to plan—$100 million over the next five to eight years. Plans are ready to retool and expand the capacity of the printing presses of *The Hamilton Spectator*—which would print copies for the key Toronto market, where Southam now has no presence. Work must be complete by the planned start-up target of October, when the presses will have to accommodate up to 130,000 daily copies of a 48-page, color-filled broadsheet—in addition to publishing the *Spectator*. Across Canada, other Southam printing presses are being prepared to take on extra capacity.

Southam editors from Vancouver to Montreal are standing by to resume regular visits to Toronto—a shuttle that many have made for more than a year as members of a core group of veteran journalists who created a prototype for the daily. And Black's competitors—including *The Toronto Star*, *The Globe and Mail* and *The Financial Post*—are reviewing their own battle plans as they prepare for a major newspaper war. "Mr. Black is smart, and he is tough," says Paul Godfrey, CEO of Sun Media Corp., which publishes the *Post*. "But we have a very strong hold on our own distinctive turf."

Black's new newspaper will be called *Canada Today*. Or perhaps it will be *The Canadian*, *The Reporter*, *The Canada Telegraph* or, to paraphrase the name of one of Black's competitors elsewhere, *The Times of Canada*. Within Southam, all those names have been rumored. But no one knows—other than Black and about half a dozen key Southam Inc. and Hollinger officials. The same confidentiality surrounds all of the project—except the bare-bones details that Black and others choose to discuss. Allows Black: "It would be a most intelligently presented product." Southam executives acknowledge the $100-million estimate, and add that it would be a full-color broadsheet, with more than 200,000 copies made available from coast to coast.

Everything else is speculation. And as Southam Newspapers president Donald Babick says: "We enjoy speculation, but we don't comment on it. Mr. Black has the information that he needs—now it is up to him to make the final decision." But within Southam and among Black's biggest competitors, almost everyone thinks the sure bet is that Black will proceed—and spark the biggest, most high-stakes newspaper war since the days before television. "I presume Mr. Black is going ahead, and we will respond accordingly," says Roger Parkinson, publisher of *The Globe and Mail*—a newspaper that is itself the subject of considerable speculation and change (page 18). And, says John Honderich, publisher of *The Toronto Star*, the country's largest newspaper with a weekday circulation of 465,000: "We have been preparing for months to welcome Mr. Black into the market. We are prepared."



Black: $100 million in start-up costs for what would be 'a most intelligently presented product'

Not since 1979-1980, when *The Montreal Star*, *The Ottawa Journal* and *The Winnipeg Tribune* all folded, has the world of Canadian print journalism been in such an uproar. And this time, it is for positive reasons. After years of forecasts that newspapers are outdated vehicles driving headlong to extinction, the print medium has rebounded with surprising strength and record profits (page 21).

But inevitably, most talk on the newspaper publishing scene centres on Black. Over the years, he has built a publishing empire that includes the prestigious *Daily Telegraph* in London, the *Jerusalem Post* in Israel (whose publisher is native Montrealer Norman Spector), the *Chicago Sun-Times* and scores of smaller newspapers scattered across North America and elsewhere. In Canada, his real impact began in 1992, when he bought about 20 per cent of Southam Inc. from Torstar Corp., which owns the *Star*. In August, 1996, he bought out Power Corp., which owned a similar amount. Since then, he has added another 18 per cent bought from other minority shareholders. Combined with separate properties held by Hollinger, that gives Black control of 58 Canadian dailies with a combined circulation of 13.6 million, or 41 per cent of all Canadian newspaper readers.

But Black's glaring hole continues to be the Greater Toronto Area. The closest he comes to the GTA's 4.5 million people is the *Spectator* (weekday average circulation 103,000) in Hamilton, more than 50 km away from Toronto's downtown core. The GTA comprises 36 per cent of Canada's retail trade market—the equivalent, as *Star* publisher Honderich observes, "of Chicago, New York City and Los Angeles combined in per capita terms." It is also the hub of the country's communications and advertising businesses—and one of the busiest daily newspaper markets in North America, serving as home to *The Toronto Star*, *The Toronto Sun*, *The Globe and Mail* and *The Financial Post*.

For all of those reasons, a presence in Toronto appears crucial to senior Southam executives. "Our papers aren't read in the area with the most decision-makers," says one Southam editor. A more tangible consideration, says a Southam publisher, "is that most national ad agencies are in Toronto. The people involved will recommend papers they are more comfortable with because they see them at their doorstep every day."

Many of Black's competitors, and key figures in the advertising sector, have been skeptical about whether there is a place in the market for a new national newspaper. But Southam officials adopt an aggressive stance in response. Says Babick, who is also the publisher of Southam's *The Vancouver Sun* and *The Province*, also in Vancouver: "If

we go ahead, we would have the first real national newspaper. Right now, all you have is a niche paper aimed at investors [*The Financial Post*] and a Toronto newspaper distributed nationally [the *Globe*]."

On the question of cost, Babick and Gordon Fisher, Southam's vice-president of editorial operations, say that a high-quality national newspaper could be run on a relative shoestring through amplified use of existing resources. "There is a possibility of running an operation with a very innovative structure," says Fisher. In fact, Southam officials and editors and outside sources have dropped some tantalizing hints of how the new newspaper might work.

For the first month or two, about 130,000 copies would be distributed free in the Toronto area in order to build interest and attract advertising revenue away from competitors. About 100,000 copies would be handed out in the rest of the country, almost exclusively in large cities and at hotels and airports. The new daily would have access to Southam newspapers' physical facilities, research, distribution and advertising resources, and subscription lists. As Gannett Co. Inc.'s national newspaper *USA Today* did in its early years, the new Southam paper would "borrow" reporters and editors from other newspapers, which would keep down hiring costs. In Toronto, Southam already has about a dozen reporters and editors in a bureau that supplies stories to other members of the chain—in particular, those in Ontario. "Obviously, that bureau could play an important role in a new newspaper," says Babick.

Like *USA Today*, the new daily would probably have a front national news section followed by separate sections for sports, business and lifestyle/entertainment. A core of editors, with access to forthcoming stories in all Southam newspapers, could cull the most interesting articles and rewrite them to make them appropriate for a national audience. But those comparisons, Black says, apply strictly to the staffing and production aspects of the paper. On the editorial front, says Black, "*USA Today* is middle-market. We would be much more high-quality."



Honderich. 'We have been preparing for months to welcome Mr. Black into the market'

Newspapers are gearing up for major combat

The key planners working in Hamilton over the past year have included Fisher; *Spectator* editor Kirk LaPointe; Michael Cooke, the editor of the Vancouver *Province*, and Brian Kappler, national editor of *The Gazette* in Montreal. Fisher has been mentioned as a potential publisher, but all of the others are likely to remain with their own newspapers, and work with the new daily on an off-and-on consultative basis. Several names have emerged to be the editorial head of Black's flagship. One candidate often mentioned by Southam insiders is Ken Whyte, 37, the editor of *Saturday Night*. He is a political right winger and favorite of Black's who also played a key role on the prototype. In addition, he spent time in London during the last year observing the operations of the *Daily Telegraph*. Another possibility is Brian Stewart, the erudite and highly regarded reporter and anchor at CBC TV's *The National*, who is a close friend of Black. Stewart had lunch last week with Black in Hollinger Inc.'s corporate boardroom in Toronto.

The newspaper's distinctive "voice" would likely come from a handful of nationally known columnists drawn from either in or outside the chain. (Already, author Mordecai Richler, another friend of Black's, writes a weekly Southam column, as well as a monthly column for *Saturday Night*.) The new newspaper would likely have first call on stories from the existing Southam News Service, which has a network of overseas bureaus. And it would also probably have first rights to stories offered by London's *Daily Telegraph* world news service, which Hollinger also owns. All that, however, could cause problems for existing Southam newspapers, which use both services.

It is safe to presume that the new paper's editorial voice will include a hard line against Quebec sovereignty, small-c conservative takes on economics and politics, and strong support of Israel's position that it has a right to defend itself against all forms of aggression and intrusion in the Middle East. Those are positions Black vigorously supports, and are espoused in some of his major newspapers.

Perhaps Black's most controversial view is his support for "partition"—the principle that if Quebecers vote in favor of sovereignty, parts of the province that still support federalism should be allowed to remain in Canada. Within the chain, there is an understanding, says the editor of one newspaper, that "you do not have to support that belief—but you are expected to say that this is a position worthy of serious debate."

When Black's Hollinger took control of Southam in 1996, he faced a variety of fears and criticisms. One was that he would diminish the quality of smaller papers by slashing costs and staff to the bone in order to increase profit margins. That fear seemed borne out when Hollinger bought *The Leader-Post* in Regina and *The StarPhoenix* in Saskatoon from the Sifton newspaper group in 1996. Almost at once, 173 workers were laid off. Black himself has since criticized the manner in which the layoffs were handled—although not the total itself.

But otherwise, there is strong evidence of Black's commitment to improve editorial quality—and of his willingness to allow dissenting voices. "I like to think," says Black, "that we have demonstrated the patent absurdity of those claims that we were planning to implement some highly charged agenda. Our priority is quality-profitable products." *The Gazette*, for example, runs a regular column by Ed Bantey, an ardent sovereigntist. Quebec City's *Le Soleil* and Hull-Ottawa's *Le Droit*, which Black also owns through Hollinger, reflect a variety of views. And the curmudgeonly Richler, who negotiated his column deal directly with Black, disagrees strongly with him on many topics, including partition. But, he says, that is never a problem. "Awww, Conrad just loves a good argument," he says.

On the financial front, Black has one particular strength, observes Tim Jones, media writer for the *Chicago Tribune* writing in the current edition of the *Columbia Journalism Review*. "He is a master at gathering up small, financially challenged newspapers and, with prodding and pruning, turning them into little cash machines, with profit margins averaging around 30 per cent, almost twice the industry average." In the case of some Southam Ontario dailies, company officials suggest the profit margins sometimes approach 40 per cent.

Although there is no doubting Black's business acumen, some suggest he benefits from other factors. "A lot of the groundwork for Southam's success was set by previous people," says Adam Zimmerman, a former Southam board member who resigned after the takeover. Zimmerman points out that in Vancouver, where Southam is making a profit on its two newspapers after years of losses, one reason is a new state-of-the-art printing plant—which was planned for and approved prior to the takeover. Says Zimmerman, the retired chairman of Noranda Forest Inc. "Look, there is no doubt that he sees things faster and better than anyone. But you could also wish he was not so needlessly ruthless."

That is a reference to Black's long, sometimes litigious history of full-frontal attacks on critics. One recent example is the enormous umbrage he took at a two-part CBC profile of him in 1996 that many felt was relatively gentle. His response included a furious denunciation of the CBC that was carried in all major Southam newspapers. But while there are few signs that Black has mellowed, his stewardship of Southam has provided some good news for journalists—and, perhaps, some surprises.

In the wake of changes of editors since Black took over at two of the chain's largest papers—*The Gazette* in Montreal and *The Ottawa Citizen*—the results have generally been positive. *Gazette* publisher Michael Goldbloom, after consulting with Black, appointed Alan Allnutt, an even-tempered, highly competent veteran of the paper who previously served in a variety of key editorial roles, as editor-in-chief. Allnutt has preserved the solid quality of news coverage and bumped the editorial pages in a direction less accommodating towards Quebec nationalists than was the case under previous editor Joan Fraser. That appears to better reflect the majority view of the newspaper's anglophone Montreal readers. "I find the paper more likable and less tiresome on Quebec issues these days," says Richler.

And recently, Black announced plans to spend $63 million building a new printing plant for the newspaper—a project that had been discussed, but never acted upon, by previous owners. One reason for that expression of confidence, Black says, "is that I feel the danger of separation is a lot less than it was immediately after the last referendum, when the atmosphere seemed unwholesome." Still, in a typical broadside on the issue, he immediately added: "I would remind everyone that presses are portable. These ones are built outside Quebec, and they could easily be moved from there if need be."

Perhaps the most interesting case under Black's regime is the dramatic transformation of *The Ottawa Citizen*. Under previous editor James Travers, who now runs news operations at *The Toronto Star*, the content and layout were traditional and rather bland in scope. Travers resigned in 1996, shortly after the takeover (and is widely credited for recent improvements at the *Star*). He was replaced by Neil Reynolds, an editor known for his fierce independence and intriguing, unconventional story sense. Reynolds has targeted a more upmarket audience through longer stories, introduction of a Sunday feature magazine and a sophisticated redesign. Those efforts are said by Southam sources to have cost more than $3 million.

Earlier this month, the *Citizen* was nominated for an impressive nine National Newspaper Awards. It regularly runs columns by established journalists such as Charles Gordon and Susan Riley, whose views are far to the left of Black's. And it has become renowned within the industry as a "writers' paper" that encourages journalists to be innovative. "I find myself turning to the *Citizen* with increasing excitement and I look at it now ahead of *The Globe and Mail*," says Christopher Dornan, the director of journalism at Ottawa's Carleton University.

To the surprise of some as well, Black has relied heavily on key figures who are holdovers from the previous regime—including Babick and Fisher. Still, there is no question that Black—often referred to within Southam as "the Colonel" because of his love of things military—keeps a close eye over his troops. He is renowned for his extraordinary memory. At a reception for Southam executives two years ago, Black astonished the publisher of one small Ontario newspaper by greeting him by name—even though they had not met before. And when editorships within the chain open up, Black says, "I have overseen final approval in cases ranging from *The Gazette* to [Kitchener-Waterloo's] *The Record*."

Some skeptics suggest that the proposed new venture might do more to satisfy Black's ego than the interests of shareholders. And Black allows that the idea of publishing a pan-Canadian newspaper "as a notion is extremely emotionally gratifying." However, he immediately adds, "as always, I base my conclusions not on emotion, but on what is most advisable in business terms." Says *Globe and Mail* publisher Parkinson: "I have too much respect for his business sense to think he does not have solid reasons for going ahead." So far, in building his ever-expanding newspaper empire, Black has shown an uncanny sense of identifying what readers want, and the most cost-efficient ways to deliver it. Now, if he takes the biggest bet of his life, the fortunes of Black and his new newspaper will be tied together in more than just dollars and cents. They will go down in journalistic history for not just delivering the news—but also for making it. □



BLACK'S BROADSHEETS

Major newspapers (circulation greater than 25,000) among the 58 Canadian dailies controlled by Conrad Black

The Vancouver Sun	The Sudbury Star
The Province (Vancouver)	The Windsor Star
Calgary Herald	The Gazette (Montreal)
The Edmonton Journal	Le Soleil (Quebec City)
The StarPhoenix (Saskatoon)	The Daily News (Halifax)
The Leader-Post (Regina)	The Evening Telegram (St. John's, Nfld.)
The Expositor (Brantford, Ont.)	
The Hamilton Spectator	**Black's major international papers**
The Whig-Standard (Kingston, Ont.)	Chicago Sun-Times
The Ottawa Citizen	Daily Telegraph (London)
The Record (Kitchener-Waterloo, Ont.)	Sunday Telegraph (London)
The Sault Star (Sault Ste. Marie, Ont.)	Jerusalem Post

Goosing the *Globe*

COVER

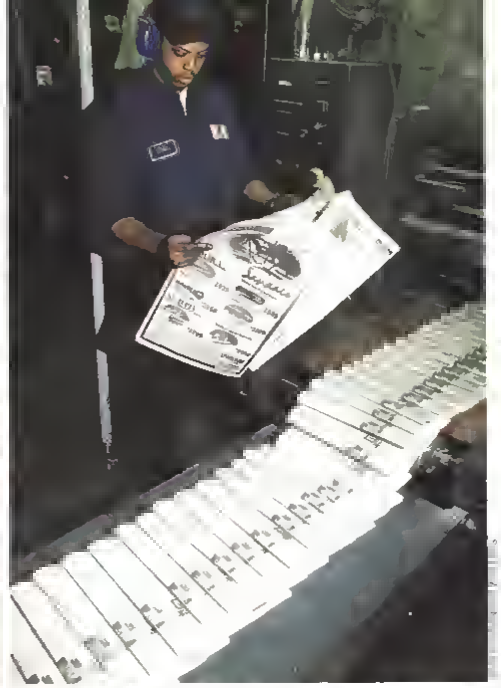
The 'great, grey lady' is trying to change old habits

BY ANTHONY WILSON-SMITH



Thomson head Gerner: 'Journalists have no right to bore the pents off people'

The newspaper's presses. 'Why fix what's not broken' is the common lement of anxious writers and editors



For the estimated 300,000 Canadians who get *The Globe and Mail* every day, one clear sign of a newspaper in transition came in a message from editor-in-chief William Thorsell that appeared on page 2 last September. He wrote that the next week would see "a set of changes made in the conviction, again, that we are not selling newspapers, we are buying your time." The changes included adding a new daily Politics page in the front section, enhancing the existing Middle Kingdom page, which emphasized stories on sometimes esoteric topics, gossipy columns called Buzz that would appear in all sections of the paper, and a change in writers and subjects for many columns. Thorsell concluded by asking readers to "please let us know what you think."

The idea, it appeared, was to rejuvenate the newspaper in the face of potential national competition from Conrad Black's Southam Inc. But it turned out there was little time for readers—or anyone else—to react. Within two months, many of the changes had disappeared. Six months later, those that remain have been reduced or altered in scope. And other longstanding features have been dropped—including the column of the newspaper's resident iconoclast, Michael Valpy, whose work Thorsell described in the same September piece as "eloquent." Asked about the changes in a recent *Maclean's* interview, Thorsell said simply: "They were not working."

Instead, say angry, anxious staffers, the *Globe*—long considered the "great, grey lady" and newspaper of record in Canadian journalism—is trying a different tack to build readership and discourage Southam. "Thorsell used to tell us to challenge readers to step up intellectually," says one veteran Globe reporter. "Now, we're told the paper is boring, and we should dumb it down." That is one way to describe the process in the works; the other comes from senior management. "I'm not sure I've called the paper boring, but I've certainly said it lacks élan," says Stuart Garner, president and chief executive officer of Thomson Newspapers. And adds Garner, who has played a key role in suggesting changes: "Just what does 'dumbing-down' mean? If it suggests fewer academic essays and more stories about real people, that's what we're doing." A favorite Garner maxim: "Journalists have no right to bore the pants off people."

Whatever the words describing the process, the end result is the same: a *Globe and Mail* in evolution, already different from what it was six months ago. As Thorsell acknowledges, stories are shorter, there is a conscious effort to make headlines "snappier," and less emphasis is given to federal politics and international coverage outside North America. Changes will continue on June 1, the *Globe* will begin using color photographs, accompanied by a redesign of the newspaper.

Whether all that is for the good depends on who is telling the story. There are two different versions—the one told by management figures such as Thorsell, Garner and publisher Roger Parkinson, and the one told by journalists. The common lament these days among the newspaper's editors and reporters is: "Why fix what's not broken?" To that, Parkinson responds: "The surest guarantee of failure can be past success."

Either way, the *Globe* has succeeded critically and financially in recent years. Operating results for 1997, which were released to the staff in January, showed that the newspaper made a profit of $37.4 million on revenues of $245.2 million. That was $8.4 million more than planned—and $13.2 million better than the previous year. As well, its readership is an advertisers' dream: affluent, well-educated, in the top income tier. And the newspaper claims that weekday circulation last year increased—in a time of general shrinkage—by 3,000 daily to an average of 321,000. But that figure cannot be substantiated, because the *Globe* does not belong to the national Audit Bureau of Circulations, the body that monitors circulation claims. (The accounting firm Peat Marwick Thorne has indicated that when copies sold at bulk discount prices and distributed free by airlines and hotels are subtracted, the circulation number is closer to 266,000.)

At the same time, the *Globe* has won acclaim in journalistic circles as not just the country's best daily, but also one of the better newspapers in the English-speaking world. Twice in recent years it has been cited as "the world's best-designed newspaper" by the International Society of Newspaper Design. A media studies centre at New York City's Columbia University has called the *Globe* "one of the world's top 20 newspapers." That enthusiasm is shared within Canada. "There has been a sense of weight and substance to the *Globe* that you don't find elsewhere," says Christopher Dornan, the director of journalism at Ottawa's Carleton University.

But recently, adds Dornan, that sense has been missing. "I can't enunciate all the reasons, but it seems puffier, lighter and less satisfying," he says. "The writing and story selection seem to be softer than they were." A year ago, he was commissioned by the *Columbia Journalism Review* to write a 3,000-word story on the *Globe*. The thesis, he says, "was that the paper, while increasing its price and challenging its readers to think more, actually increased circulation. It was a great success story." Dornan filed the piece to the magazine last summer. But last autumn, disillusioned by the changes he saw in the newspaper, he told the magazine's editors to kill it because "the thesis no longer applies."

Still, no one can say that the changes are motivated by penny-pinching. In recent years, the *Globe* has increased newsroom staff from about 250 to more than 300, and increased spending in other key areas. As well as the cost of moving to color, the newspaper has spent more than $1 million buying new office furniture, and is renovating the impossibly cramped, shabby newsroom. That follows previous spending increases: in 1996, the editorial budget grew by $3 million.

Why, then, change the newspaper? For one thing, readership surveys and focus groups indicate that while the core constituency of the newspaper—male, upper-income business executives—remains devoted, other target readers, including women and people under 35, are far less enthusiastic. Previous attempts to appeal to them by altering the mix of stories throughout the newspaper have not been as successful as hoped for. (That consideration may also explain why the *Globe* ran a large photograph of Leonardo DiCaprio, youthful star of *Titanic*, on its front page last week to accompany a story about the boom in visits to Halifax graves of those who died in the shipwreck.)

Another change is that coverage of politics is being reduced to reflect the belief that many readers are either hostile to the subject or simply uninterested. The newspaper will carry fewer background analysis pieces and, perhaps, fewer stories from its Ottawa bureau overall—although Thorsell insists: "Politics remains a core coverage area." Still, spirits have been low in the newspaper's Ottawa bureau. *Globe* staffers concede that the bureau, considered the strongest of the dailies in the nation's capital, was badly beaten recently by its archrival, *The Toronto Star*, in the quality of coverage of a major story—the Supreme Court hearing on whether Quebec has the right to declare unilateral sovereignty. The *Globe*'s Ottawa bureau chief, Edward Greenspon, acknowledges that "this period of transition has been very disturbing to some people. Some of the rhetoric has been troubling." Greenspon adds carefully: "The *Globe* functions best when it is a collaboration between engaged editors and turned-on reporters." Still, Greenspon says that a meeting in early March between bureau members and senior editors produced "encouraging reassurances" that have restored morale and energy in the bureau to their proper levels.

There has also been a steady growth of what is known in the trade as "lite 'n' brites"—features that contain lashings of sex, scandal and curious facts. One recent Saturday newspaper contained an article about a woman from Sudbury, Ont., who was appearing in *Playboy*. That appeared on the same day as a story on skilled Canadians emigrating to the United States to work. The *Playboy* story was given greater prominence, leading to grumbling in the newsroom that it was the first time the *Globe* had considered "breasts more important than brains."

Another problem in moving to a more populist emphasis is that *Globe* staffers—many of whom really *do* favor horn-rims and tweedy outfits—may be spectacularly ill-suited for the task. "It is," concedes one reporter, "a bit like asking a nun to tell a dirty joke." The newspaper's difficulty in empathizing with ordinary people surfaced in the condescending manner with which it covered the huge storm that hit Quebec and eastern Ontario in January. In the middle of hardship, reporters offered lectures on

the good fortune of the afflicted when compared to other parts of the world. One story said snidely that for many people, "the worst is that their exotic goldfish have died." A column by another reporter boasted about how the staff had endured much greater hardships on stories elsewhere, and concluded that, the storm "is not hell. It's barely heck." That offered no comfort to, among others, the families of at least 25 people who died as a result of the storm. In a mea culpa, Thorsell acknowledged in print that "to many readers the tone was patronizing beyond toleration."



PHOTO: PAUL GROSKLEG/MACLEAN'S

Thorsell: 'I'm having a ball and plan to continue—but who ever knows about the future?'

These days, there is concern that, for the first time since Thomson Corp. bought the *Globe* in 1980, its head office is playing a direct role in the newspaper's direction. That is in the person of 53-year-old Garner, a charming but steely-eyed expatriate from Great Britain based at the company's headquarters in Stamford, Conn. Until now, the hands-off tradition has been exemplified by the company's majority owner, 74-year-old Kenneth Thomson. In fact, national affairs columnist Jeffrey Simpson recently told friends, delightedly, that after more than 20 years at the newspaper, he received his first-ever direct message from Thomson—a voice-mail congratulating him for a column on the woes of Canada's Olympic hockey team.

But senior figures at the company make no apologies for their recent involvement. The *Globe* is Thomson Corp.'s biggest daily, representing more than 10 per cent of the newspaper division's overall revenue. Says Garner: "I cannot imagine the arrogance involved in suggesting we have no right to be involved in such a crucial property."

For his part, Garner faces predictable complaints about the impact of a Briton coming from an American head office to tell Canadians how to run their newspaper. He arouses fears with his unabashed admiration of *USA Today*—which Garner likes for its easy access and *Globe* staffers regard as bland and homogenous. But in some ways, he is unfairly cast as villain. Rather than cut costs, he has increased the budget. A veteran of more than 30 years' involvement in newspapers, he has often improved editorial quality in previous projects, as well as the bottom line—and has the awards to show for it. He has stayed away from the newsroom, he says, to avoid the impression of interference—although he has held private dinners with some section heads and participates in a videoconference session every Monday morning. Says Garner of his role: "I am an enabler—William is the newspaper's boss."

How long that remains true is a matter of intense speculation. "These changes reverse everything William has stood for," says one senior newsroom figure. On the other hand, Thorsell has proven a resilient figure during nine years in one of journalism's hottest seats—and may be more adaptable than some staff members think. Garner says that last October, after he became concerned that he and Thorsell did not know one another well enough, he invited him to dinner. Thorsell volunteered to come to Stamford, and, in the course of their evening together, Garner said: "I was pleasantly surprised to discover just how much William and I were on the same wavelength about the needed changes. I wrote him a note the next day to express my delight."

Although Thorsell, 52, is considered aloof and imperious by reporters, he is respected for his energy, intelligence and curiosity. His drawbacks are a lack of experience as a reporter—he was previously an editorial writer—and as a manager. He has made some mistakes: early on Thorsell misread the wishes of his core market by underestimating the appetite of readers for a large sports section. Last fall, the *Globe* raided several Southam star sports writers and almost doubled the size of the section.

For day-to-day operations, Thorsell has relied over the years on a series of personable, highly experienced managing editors. But in December, he abruptly announced that his second-in-command, Colin MacKenzie, a popular, well-regarded *Globe* veteran, was being relieved of most of his key responsibilities for a six-month period. MacKenzie is now considered likely to leave the paper. He was replaced in fact, but not title, by Margaret (Peggy) Wente, the editor of the paper's enormously successful Report on Business section. Wente, who now carries the title of news director, is alternately feared and respected—and many people feel that she is more keen than Thorsell to produce the kind of changes planned. Garner says he was "greatly impressed" by Wente's ideas when she sat next to him at a senior management dinner at Toronto's Gahleo Restaurant in early December. Shortly after, she replaced MacKenzie—although Garner says that was Thorsell's decision. Of his own future, Thorsell says: "I'm having a ball doing this job and plan to continue. But who ever knows about the future?"

The new recipe calls for lighter stories, less politics

Along with the issue of who will lead the *Globe* is the crucial question of whether the newspaper is changing—or simply, as Thorsell says, "evolving." Dornan fears the former, saying: "If the goal is to make it like almost every other North American paper, something special is lost." But, says Thorsell, "If I thought we were treating our readers less respectfully than in the past, I would not be here." And praise comes from another source. Says the editor of one large Southam Inc. daily who asked to remain anonymous: "We worry about the *Globe* a lot more than we did six months ago. It's noticeably broadening its appeal." To be or not to be an elitist newspaper? That's just the kind of philosophical debate the paper of tomorrow is increasingly unlikely to debate. □



PHOTO: PAUL GROSKLEG/MACLEAN'S

Toronto newsstand: 1998 profits are not expected to be as robust

Paper money

Dailies cashed in last year, but will the boom last?

They call it EBITDA. It stands for earnings before interest, taxes, depreciation and amortization, and it is the crucial measurement used to gauge financial performance at the big media chains. This is the yardstick that determines who gets the bonus and who gets the sack. These days, however, it is not necessary to memorize complicated financial formulas to come away with a good grasp of what is happening in the Canadian newspaper business. However the money is counted, the national news barons are raking in more of it now than they have in almost a decade. Happy days are certainly here again. The big issue now is how long they are going to last, especially if Conrad Black launches a new paper, be it national or aimed at Toronto, the country's most competitive newspaper market.

Newspaper profits, like happiness, can be hard won but fleeting. Since the 1991-1992 recession, newspaper managers have been under enormous pressure to make money or find some less stressful line of work. And they have delivered. They have restructured, repositioned and *refreshed*, to use one of *The Globe and Mail* management's favorite words, their way back from record losses to what, in a number of cases, has emerged as record profits. In the past six weeks, all the big newspaper publishers—Southam Inc. and its parent, Black's Hollinger International Inc., along with Torstar Corp., Quebecor Inc., Sun Media Corp. and Thomson Corp.—all unveiled spectacular 1997 results. Revenues from circulation and advertising, the two main drivers of newspaper profitability, are up coast to coast. EBITDA soared, ranging from almost 22 per cent at Southam, the industry's great financial success story, to 14.8 per cent at Thomson's *Globe*, the smallest of the Toronto-based, general-interest dailies and one that tends to be more consistently profitable but lags behind the mass-market competition at the peaks and valleys of the business cycle. Even Sun Media's *Financial Post*, which lost money for eight solid years after its transition to a daily paper in 1988, reported earnings before expenses of $10 million, up from $2.4 million in 1996. "It was," in the words of Deacon Capital Corp. media analyst Bill Wolfenden, "a very good year for newspapers."

In the meantime, 1998 is off to a good start. Torstar, whose *Toronto Star* has the largest circulation of any Canadian paper, has reported that the first two months showed promise, with growth in the "high single digits." What's more, a newsprint price hike scheduled for this spring appears to have been postponed indefinitely. Consumers are expected to keep spending, "which bodes well for newspapers," Wolfenden adds. But all these positive factors notwithstanding, newspaper profits are not expected to keep growing at the same robust rates. Media analysts are hailing 1998 as a good but not great period in which the volume of advertising will continue to expand, but by only half of last year's rate. Several have gone so far as to advise their clients not to buy any more shares in newspaper companies.

The fact is that however high the recent profits, much of what happens in the newspaper publishing business is beyond its executives' control. Tinkering can fatten margins, but most analysts and media buyers agree it cannot change the fundamental reality of the enterprise, which is that delivering information on printed newsprint is not a growth industry. Quite the opposite. While newspaper companies have been doing extremely well, their success has depended primarily on cyclical factors, such as a buoyant economy, a rise in consumer spending and a decline in newsprint prices. Statistics compiled by the Canadian Newspaper Association show that circulation has stabilized after dropping roughly 10 per cent during the 1990s. This means that in any market with more than one player, competitors are scrapping over pieces of what is, at best, a precarious pie.

Look at what has been happening to advertising linage. While overall linage rose by seven per cent in 1997, retail advertising, the major source of revenue for most dailies—and one being seriously affected by department store mergers—rose only two per cent. This was only marginally above the rate of inflation. Classifieds, the backbone of the tabloids, did better, gaining almost nine per cent. The only big growth—22.4 per cent—came in what marketers call general-national advertising, the space devoted to careers, computers, cars, airlines and increasingly competitive long-distance and mobile phone services. This is the real reason why newspapers made so much money last year.

But what happens when Southam introduces a new competitor into the already-crowded daily market? "If the economy continues to be strong, it will be a little bit easier," says Wolfenden. "But somebody's going to lose." Nobody in the financial community wants to be identified as pointing out potential candidates. *The Toronto Star* and the *Globe* are considered natural targets, because of the importance of the Toronto market. The big bite, however, is still expected to come out of the national advertising that runs in Southam's own papers across the country. This was a big source of the chain's improved profit in 1997. If the new paper goes ahead, these ad dollars could flee to Southam's new flagship.

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You see a tree that grows in Brazil experiences different growing conditions than one that grows in Indonesia

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No matter what's stuck to our leg

THE NABOB COFFEE CO.

Politics and blood


Toronto Red Cross centre: a drop-off in donations

The memory alone can make Kim Jepson weep the way he used to spring out of bed in the morning, kiss his wife Barbara goodbye, then rush into the office by 7:30, ready to put in a good day selling for a coffee wholesaler in a Toronto suburb. The Jepsons hoped for children, a nice house and long future together. But that was a decade ago, before Jepson, a hemophiliac, got a transfusion of blood containing hepatitis C that forced him to stop working and ended the couple's modest, middle-class dreams. Now, they live in a Brampton, Ont., condo paid for by Jepson's in-laws. A typical day includes watching television, dabbling with his computer, talking on the phone to the other members of his hepatitis C support group and, when he summons the energy, going grocery shopping. Most afternoons, the 46-year-old sleeps, because the disease, which has no cure and takes the lives of as many as one in five victims, prevents him from being on his feet for more than 15 minutes at a time. "I just sit here," he whispers in an emotion-choked voice, "waiting for the end."


Health Minister Rock: the offer would exclude people who contracted the disease before 1986

Until recently, tens of thousands of Canadians who share Jepson's story were ignored in the glare of publicity focused on those who contracted HIV from tainted Red Cross blood. That began to change last November when Ontario Court of Appeal Justice Horace Krever tabled his report on one of Canada's worst medical scandals. Krever not only revealed that hepatitis C victims outnumbered HIV sufferers 50 to one, he highlighted the fact that, unlike them, not one hepatitis C victim had ever received a cent in compensation. For the past four months, federal, provincial and territorial governments and the Canadian Red Cross Society have been struggling to respond to Krever's call for relief for "all blood-injured persons."

That relief may be at hand. A hepatitis C compensation offer—which federal Health Minister Allan Rock said on March 15 was "very close"—could be announced as early as this week. In the days before the announcement, the package was valued at about $1.1 billion—$800 million from the federal government and $300 million from the provinces and territories. But the hard-won agreement among the governments still would not compensate thousands who contracted hepatitis C. Moreover, billions of dollars in potential liabilities incurred by the bungling and negligence of Red Cross managers still stand in the way of Ottawa's attempts to establish the new national blood supply system that Rock has promised to deliver by September. That $81-million undertaking is also challenged on another front—Quebec is threatening to establish its own supply system—even while eroding public confidence is being reflected in a drop-off in blood donations.

Late last week, negotiations towards an agreement on hepatitis C compensation still had some sticking points. A key question: whether settlements should be offered to those few hundred hepatitis C sufferers infected through sexual or maternal transmission. Virtually certain, though, is that the cash offer will be extended only to the 28,000 who, like Kim Jepson, contracted the disease during the 1986-1990 period, when blood donors were screened for the virus in the United States but not in Canada. The reason: this group of hepatitis C sufferers has the best chance of winning a court action. The offer, as a result, is expected to take the form of cash in exchange for an agreement not to sue. "Everything about this whole process smells of politics," asserts Lindee David, executive director of the Canadian Hemophilia Society.

Such an offer would exclude the 22,000 people who contracted the disease before 1986 when no reliable blood screening was available. Earlier this month, those victims—along with people infected after 1990, who will also be left out of the government settlement—launched a $3.8-billion class action suit against Ottawa, the provinces, territories, and the Red Cross. But government officials insist privately that they expect to be able to beat back those claims, and that the most the victims affected can expect is free drug treatments and other noncash assistance.

The total class action damages sought from governments and the Red Cross exceed $9 billion. Those claims may prevent health officials from meeting Rock's September deadline. In order to get a new system off the ground, authorities need to acquire the 17 active Red Cross blood centres, their medical equipment and other assets that constitute the arteries of the existing supply system. But as long as the private agency faces billions of dollars in potential legal judgments, understandably it has no intention of transferring its only assets to government.

That is where the latest compensation package comes in. *Maclean's* has learned that the Red Cross is comfortable enough with the general outlines of the hepatitis C offer—and how it thinks it will be received—that it has agreed in principle to ignore the liabilities question for now and sell its assets to the new agency for $100 million. Last week, chief Red Cross negotiator Bob Rae, the former Ontario premier, was travelling in China and unavailable. But other key players were ecstatic. "For this to work, we needed a smooth transfer of the Red Cross assets," said a relieved Rock aide. "It's a breakthrough for everyone involved." Even the provinces, which had wanted to limit their contribution to the $1.6 billion they have already spent looking after the infected, seemed resigned to signing on.

A hepatitis C cash offer is ready—but hurdles remain

Prospects of a settlement brought some relief last week to the small team of high-level officials and consultants installed in a cramped suite of Ottawa offices and charged with bringing the promised blood agency to life. An executive recruitment company is busily searching for a board of directors, a flock of vice-presidents and the chief executive officer who will ultimately be responsible for the new agency's day-to-day operations.

But those operations remain months away—at best. Quebec's government has complicated matters further by floating a proposal to opt out of the national blood system and create its own blood agency. That would fly in the face of Krever's recommendation that a single national agency would be the best way to ensure a safe supply. Pressure to abandon the Quebec plan has been building from HIV and hepatitis C sufferers, worried it would lead to blood shortages. "Proponents are trying to show that Quebec will do everything similar to the Canadian blood agency," says Russell Williams, a Liberal MNA who is vice-chairman of a bipartisan standing committee studying Quebec's blood distribution system. "Which begs the question: Then why aren't we part of it?" Last week, Quebec officials maintained they still had not decided whether to go it alone.

Even if Quebec signs up and the Red Cross settles, the new agency faces other challenges. The jury is still out on the question of just how independent a blood agency the provinces—responsible for funding the system's operating costs—will permit. As one provincial health minister put it, "If this is going to be an arm's length arrangement, let's make it clear that it will be a very short arm."

A more immediate concern is how to ensure the system has enough blood. Agency transition team members stress that a supply crisis is a long way off. Nevertheless, in 1997 the Red Cross collected just 882,670 units of blood, compared with 1.12 million units in 1984, the year before the tainted blood scandal tarnished its reputation. Even more worrisome are federal health department polls showing that one in four Canadians think they can be infected with HIV or hepatitis C merely by *providing* a blood donation (they cannot). "The big challenge," stresses Michel Lemaire, communications adviser for Ottawa's transition team, "is ensuring those who give and receive blood of the safety of the system."

That assurance will be especially difficult to convey to the men and women who watched their lives unravel while the politicians and officials who were supposed to protect them argued. "We are innocent victims," said Jepson, lamenting the years of wrangling that have delayed compensation. "How can they put us through this?" It is a question to which any answer sounds somehow hollow.

JOHN DeMONT *in Ottawa with* **BRENDA BRANSWELL** *in Montreal*



Bottlenose whale: 'our worst nightmares are coming true'

CANADA

A sanctuary at risk

About 260 km off eastern Nova Scotia, an undersea canyon known simply as the Gully plunges to depths of up to 2,500 m, by far the most dramatic fissure on the coastal shelf of eastern North America. It is a little-known geographical marvel—but one with the potential to burst onto the public consciousness as the next environmental hot spot. As home to at least 15 species of seals, dolphins and whales—including a year-round population of about 230 endangered northern bottlenose whales—the Gully has attracted enthusiastic interest from conservation groups. It has also caught the attention of energy companies that are busy developing the nearby Sable Island offshore natural gas fields. Last week, World Wildlife Fund Canada learned that the Canada-Nova Scotia Offshore Petroleum Board, a joint agency of the federal and Nova Scotia governments, is accepting bids from exploration companies for drilling sites that include parts of the Gully. "We feared that the Sable Island offshore energy play was going to be a stepping stone to the Gully," says WWF Canada president Monte Hummel. "Our worst nightmares are coming true."

If the petroleum board's move is a nightmare for Hummel, it is not exactly a dream come true for federal Fisheries and Oceans Minister David Anderson. His officials are acutely aware of how the prospect of oil and gas drilling in a key whale habitat is likely to stir up outrage among environmental groups. Privately, DFO officials expressed annoyance that the board would permit energy companies to bid on exploration leases before the department releases a proposed conservation plan for the Gully, likely sometime next month. To make the timing even worse, DFO is only two or three weeks away from separately releasing a broader scheme for creating Marine Protected Areas—a new federal designation that might eventually apply to the Gully. For Anderson, the storm of controversy brewing over the Gully threatens to overshadow any kudos he might have hoped to win by announcing the first few of the new oceanic protected zones, on a pilot-project basis, by summer.

Oil drilling threatens a whale habitat

The chain of events that led to the board's decision to quietly call for bids on drilling sites in and around the Gully is murky. The Halifax-based board operates with a large measure of autonomy from the politicians who appoint its five members. Steve Bigelow, the board's manager of offshore petroleum resources and rights, says its usual practice is to put potential exploration sites up for bids whenever an energy company expresses an interest in a particular area. But the identity of the company that sets the bidding process in motion is kept secret. Bigelow said a dozen companies have expressed an interest in buying the rights to sections of an area of more than 500,000 hectares, including parts of the Gully, that the agency made available to the industry late last year. The bidding closes at the end of April.

The board's willingness to press ahead highlights the uncertainty surrounding the Gully's status. "Until such time as there is a declared Marine Protected Area, or a moratorium [on drilling] imposed, we have to at least keep an open mind on this," said Bigelow. "And we just haven't received all the details yet as to why this should be a protected area." In fact, despite interest in the area's ecology that extends back over several decades, there is still debate among scientists over just how important or unique the Gully is. The Canadian Wildlife Service declared Sable Island a migratory bird sanctuary in the 1930s. In 1992, the federal government identified the Gully as one of three candidates for designation as a "marine area of Canadian significance" off Nova Scotia. Two years later, Fisheries and Oceans named the Gully a whale sanctuary, but without defining the exact level of protection that designation carries.

The key to the Gully's future could be the proposed conservation strategy DFO plans to release in April. Extensive scientific research that went into drafting that report is now in the last stages of being hammered into a final version. Not all the conclusions are likely to please groups led by WWF Canada, that are urging a ban on all oil and gas exploration in the Gully and restrictions on fishing. DFO officials involved in the research said some of the findings suggest the populations of plants, fish and marine mammals that live in the Gully may not be so unusual as was widely believed. Even Hummel acknowledges the Gully may turn out to be, in many respects, typical of coastal waters off Nova Scotia. But at the same time, he stresses that the bottlenose whales and some rare corals set it apart. DFO seems to accept his argument that something has to be done—and soon. "We know those whales are there," says Helen Joseph, national co-ordinator of the department's Marine Protected Areas initiative, "and we recognize that we have to do something more proactive." With the petroleum board set to award exploration rights as early as May, the time left for Ottawa to make clear its intentions for the Gully is running short.

JOHN GEDDES *in Ottawa*

Good-bye, friend.



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Bruce Wallace



Yahooism is back

It took nerve to call what went on in the House of Commons over the past two weeks the Great Canadian Flag Debate. Great Canadian Pantomime, maybe. Take it out of the plush surroundings of the Commons and what you have is a schoolyard scrap, where the gobs of spittle, tears and taunts from MPs questioning each others' patriotism ended up coating them all. There is no question that Parliament was diminished by the farce about whether flags could be brought into the Commons—and, if so, whether they could be unfurled in someone else's face. The real mystery is why the Reform party pushed it on the country at this of all times.

When Preston Manning returned to Ottawa last fall as leader of the official Opposition he emphasized Reform's determination to show respect for the traditions and symbols of Parliament. The party's populist roots would not be ignored, just kept under wraps. Reform might still be the party of casual clothes, but it would wear black tie if that was what was needed to prove it should someday be trusted with power—especially to skeptical voters in the crucial electoral battleground of Ontario. Some of this talk about respecting traditions may have been Manning's way of justifying his move into the Opposition leader's Stornoway residence after previously vowing to turn it into a bingo hall. But it was still in keeping with one of Reform's founding values: to raise the level of debate in federal politics and bring civility to Parliament.

> Reform's flag-waving signals that it is still ready to divide the country in order to rule it

So much for that. Yahooism is back, thanks largely to Reform. The past month has seen Reform MPs in sombreros dancing to a mariachi band in the Senate lobby (to draw attention to the persistent absence of Liberal Senator Andrew Thompson, who prefers sunscreen to policy debates and won't leave his Mexican home to attend sittings) and Reform MPs riding around Parliament Hill in a maple leaf-adorned convertible as an in your eye response to the Bloc Québecois. "It was not lost on any of us that the quiet approach was not getting us on the national news," one Reform MP explained last week. "Much of the caucus realized—sadly—that stunts are what get people to pay attention."

True, enough. When the Liberals were in opposition to Brian Mulroney's Tories they were hardly paragons of high politics. They made their points through the Rat Pack (jumping over tables to lonk for a fight did not keep Sheila Copps out of cabinet when the Liberals took power) and an obstructionist group of Liberal senators who mocked parliamentary decorum in their fight against the GST. But Reform has picked a strange moment in history to choose antics over seriousness. With the Tories about to embark on an uncertain, leaderless future, Manning has an extraordinary opportunity to woo conservative voters to his dream of a broad, united alternative to the Liberals. Ontario conservatives, especially, are now taking their hardest look ever at whether Reform has the gravitas for government. With his crusade for fiscal conservatism having become ruling practice across the country, Manning must demonstrate that Reform has other attractive ideas.

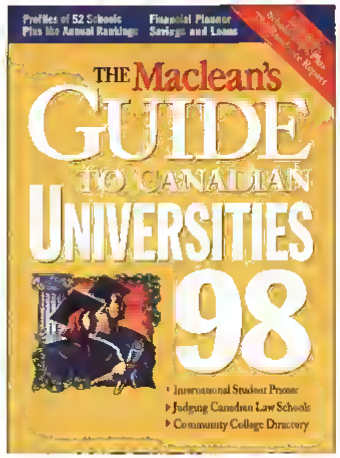
Questioning people's patriotism and picking fights with a waning political force like the Bloc in order to score cheap points will not do it. The flag "debate" probably did not cost Reform a single vote from its core constituency. The feedback to MPs from home ridings was heavily in favor, and most Reformers will see the condemnation from the Ottawa political and media establishment as confirmation that their populist instincts were bang-on.

But Reform sent a signal last week that it is still ready to divide the country in order to rule it. In their bullying attempt to show that only Reform can stand up to the separatists, they even managed to make a victim out of Suzanne Tremblay, the Bloc MP whose odious linguistic politics deserve no sympathy. The flag-waving suggested that Reformers don't believe they will ever win power unless the country slides into crisis and towards breakup. They forgot that rules banning MPs from stuffing flags and other props in each other's faces is one reason why fist fights and pistols don't feature in our Parliament the way they do in some other nations'. But then again, some Reform MPs have shown they like the idea of fistfights, too.

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Canada NOTES

LIBERALS JUST SAY NO

Federal Conservative Leader Jean Charest had yet to declare whether he wanted the leadership of the Quebec Liberal party, but several potential challengers for the job were already saying no to running against him. Quebec Liberal MNA Pierre Paradis, who ran in the 1983 leadership race but lost, said he would not run again. The next day, federal Immigration Minister Lucienne Robillard also declined to run.

HISTORIC HOT ZONE

Indian Affairs Minister Jane Stewart said she would investigate a report that Ottawa knew in the 1930s that aboriginals faced health risks while mining uranium used in the first atomic bombs. CBC TV said Ottawa recruited aboriginals, most from Deline, N.W.T., to mine the uranium without protection—even though a 1932 department of mines report warned of a risk. A number of miners later died of cancer at a relatively early age.

FATAL BRAKE FAILURE

Mechanic Robert Tremblay told an inquiry into the worst bus accident in Canadian history that only one of the vehicle's two front brakes worked. Tremblay, who inspected the bus after the Oct. 13 crash, said the brakes were 30 per cent efficient. Forty-four people died when their bus missed a turn at the foot of a steep hill and crashed into a ravine in Les Eboulements, 110 km northeast of Quebec City.

A SOCIALIST TAX CUT

Saskatchewan's NDP government released its fifth straight balanced budget, while cutting taxes. Income taxes will drop two percentage points, to 48 per cent of the federal rate, effective on July 1. Finance Minister Eric Cline said a family of four earning $50,000 will save $123 a year; at $20,000, the same family would save $1,392. The budget also forecasts a $106-million surplus.

FIGHTING BACK

The Canadian Sealers Association launched its first public relations campaign against the powerful antisealing lobby with a $170,000 educational campaign that stresses the nutritional and health benefits of seal meat. At the same time, the International Fund for Animal Welfare presented a one-million signature antisealing petition to Canada's high commissioner in London.



AL CHARLES/CALGARY SUN

MARCH MADNESS:

Calgarians were getting around any way they could after the city's worst-ever March blizzard dumped up to 60 cm of snow in less than 24 hours, paralyzing traffic, cancelling surgeries and causing mayhem with flight schedules. Schools, colleges and the University of Calgary cancelled classes and the downtown core looked like a ghost town. The storm brought out the best in some Calgarians: car dealers allowed dozens of volunteers to borrow four-wheel-drive vehicles to deliver 600 Meals on Wheels lunches to stranded seniors. "There's an unwritten rule that goes back to the pioneer days, that people will pull together in a crisis," said local psychologist Shannon St. Pierre.

Chrétien to Manning: I'll sue

Prime Minister Jean Chrétien and Reform Leader Preston Manning sparred in the House of Commons, after Chrétien named an old friend, B.C. Liberal stalwart and mining promoter Ross Fitzpatrick, to the Senate. Commenting on a business deal between Chrétien and Fitzpatrick 11 years ago that gained Chrétien more than $45,000 in one week, Manning accused the PM of selling the upper chamber seat. Outside the Commons, where MPs' remarks are not protected against libel as they are in the House, Chrétien threatened to sue. "I hope that Mr. Manning will come in front of you and repeat, 'Did he buy the seat?'" Chrétien told reporters. "If he repeats it, I will see him in court."

In 1987, Fitzpatrick sold Chrétien 10,000 shares in his company, Viceroy Resource Corp. Chrétien, who was out of politics at the time and had recently been named a Viceroy director, paid only $8 a share for the stock, which was trading publicly for $12.75. A week later, after the stock rallied, Chrétien sold 5,000 of the shares at $17.13, netting him $45,650. Chrétien, Fitzpatrick said last week, "was in private life. It was a business transaction and there's no connection whatsoever [to the Senate]." The federal ethics commissioner, meanwhile, said there was no conflict of interest because Chrétien had left politics.

A fight for gay rights

The Supreme Court of Canada began hearing a landmark case involving a lesbian couple's dispute over alimony. Two Ontario women—identified only as M. and H.—met in 1980. Their relationship ended in 1992 with M. destitute. They settled out of court in January, but Ontario appealed after lower courts said preventing same-sex couples from claiming support violated their constitutional rights to equality. Ontario lawyer Bob Charney told the court that the province's family laws protect women in traditional marriages who sacrifice paid work to raise children. Countered Justice Beverley McLachlin: "Why isn't it an appropriate remedy when the couple have lived together and there is an economic imbalance?"

All the President's women

The White House fights back with an attack on Kathleen Willey

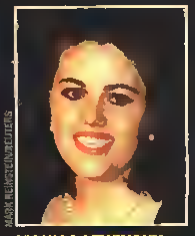


Clinton with his wife, Hillary, and dog, Buddy: the vaunted spin machine moved into action

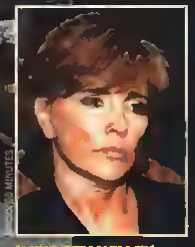
GENNIFER FLOWERS
Singer and former TV news reporter claims a 12-year affair that ended in 1989
- *After repeatedly denying any sexual relationship, Clinton now acknowledges one encounter in 1977*



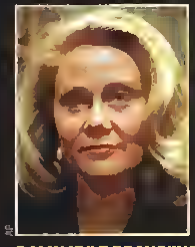
PAULA JONES
Former Arkansas state employee says Clinton, then governor, exposed himself and touched her in 1991
- *Clinton denies any recollection of meeting Jones before her accusations surfaced in the media*



MONICA LEWINSKY
Former White House intern told friends of sexual encounters, but under oath has denied any
- *Clinton acknowledges providing gifts and having an aide help her find a job, but denies having sex*



KATHLEEN WILLEY
Former White House volunteer says Clinton kissed her and put her hand on his genitals
- *Clinton says he hugged her when she came to him with personal problems, but "nothing improper happened"*



DOLLY KYLE BROWNING
High-school classmate claims an affair lasting from mid-1970s until 1992
- *Clinton says that Browning is angry because they never had an affair, and that she is planning to write a book*

ANDREW PHILLIPS
IN WASHINGTON

Kathleen Willey, it was said last week, is not like all the other women who have come forward with claims that Bill Clinton had sex with them—or at least tried to have sex with them. She does not have big hair, a southern accent, or what the President himself used to call a "come-hither" look. She is a Democrat from an affluent background, a onetime Clinton supporter and a 51-year-old mother of two. All that went far towards explaining why her rivetting account of how the President groped her just outside the Oval Office provoked doubts in his core constituency and emboldened his opponents to predict the worst. "If it's true," pronounced feminist leader Patricia Ireland, "it's sexual assault." A Republican senator, Orrin Hatch, went further. If Willey's tale is true, he said, "I think this presidency will be over." Surely, went the reasoning, all that would resonate with Americans who so far have given Clinton the benefit of the doubt through months of demeaning sexual allegations. Surely, this time, the dirt would stick.

Actually, not. The President's stratospheric job-approval ratings edged up yet again. They hit 67 per cent in a CBS Television survey taken immediately after Willey appeared on the network's newsmagazine, *60 Minutes*, to claim that Clinton kissed her and placed her hand on his genitals when she went to him for help in getting a job at the White House. And it was Willey, not Clinton, who was reeling by week's end. The White House's vaunted spin machine, in tandem with news organizations obsessed with the sorry saga of presidential sex, moved into action. They drew a very different portrait of her from the sympathetic image she presented to the TV cameras. In quick succession, this happened to Willey:

- The White House released 15 letters and notes she sent to Clinton after their encounter on Nov. 29, 1993. Several were signed, "Fondly, Kathleen." In one, written a year after the incident, she referred to herself as "your No. 1 fan." In another, she asked him to consider her "for an ambassadorship or a position in an embassy overseas." As recently as Nov. 13, 1996, she congratulated Clinton on his re-election and wrote: "How fortunate for us all that you will lead us into the 21st century."
- A onetime friend of Willey's, Julie Hiatt Steele, released an affidavit in which she accused Willey of asking her to lie to a reporter about Willey's meeting with Clinton.
- A publisher, Michael Viner of New Millennium Press, said he had been negotiating with Willey's lawyer about a book deal that would have included an advance of $142,000. And Phil Bunton, editor of the *Star* tabloid, said he had been talking with Willey about an exclusive interview. Bunton said he had offered $71,000, but she wanted much more—$426,000.
- Willey's troubled private life was laid bare, including the suicide of her husband, Ed, on the day of her Oval Office session with Clinton. Ed Willey, a lawyer in Richmond, Va., owed hundreds of thousands of dollars to creditors and tax collectors when he died, destroying his widow's security. Not surprisingly, Kathleen Willey was devastated. It was reported that she was arrested for making threatening phone calls to his business associates, was briefly hospitalized for psychological problems, and recently worked in a bakery and a hair salon. The implication was clear: Willey was desperate for money and might have motives other than her own explanation that "it's time for the truth to come out."

No wonder, then, that Willey's attorney, Daniel Gecker, described her as "overwhelmed" by the torrent of negative information aimed at discrediting her and her story. And no wonder that she had been so reluctant to give her account, appearing only after lawyers acting for Paula Jones subpoenaed her as a witness in their sexual harassment lawsuit against Clinton. Her story, as recounted on *60 Minutes* was compelling. She recalled how she visited Clinton to ask for help after her husband told her he had stolen money from clients and was on the verge of bankruptcy. She was a longtime Clinton supporter and a volunteer in the White House social office at the time, but needed a paying job.

Instead, she said, she found herself fending off an unwanted sexual advance in a narrow corridor just outside the Oval Office. Clinton has said that he was just trying to comfort Willey, and there was nothing sexual about their encounter. But by her account, she had to push him away and even considered slapping him across the face, but "then I thought I should just get out of there." As she left, she said, "I just could not believe the recklessness of this act. Later on, I think I was feeling angry. I was feeling that I had been taken advantage of."

Potentially devastating—but the President's lawyers, spokesmen, investigators and fixers are, by now, well practised at defending him against sexual allegations from women. And with the lessons of

dealing with Jones. Gennifer Flowers, Monica Lewinsky and others behind them, they have clearly adopted the principle that the best defence is a good offence. The White House released Willey's letters—although they have resisted requests for similar material from Lewinsky, the former White House intern at the centre of the sexual storm surrounding Clinton. Robert Bennett, the President's chief lawyer, argued that there was no sinister motive in releasing the letters. "Before people rush to judgment," he said "maybe they should have all the facts."

Bennett continued the Clinton offensive on other fronts, as well. As part of his effort to have Jones's lawsuit dismissed before it goes to court as scheduled on May 27 in Little Rock, Ark., he made public some 200 pages of legal documents—including his cross-examination of Willey on Jan. 11. Jones's legal team had released hundreds of pages of material embarrassing to the President, and it was his lawyers' turn to get their side of the story on the public record. "Has Mr. Clinton at any time ever offered you any employment or favorable benefits in return for sexual favors?" Bennett asked Willey at one point. "No," she replied. "Has he ever threatened you that if you didn't engage in sexual activity with him that somehow you would be penalized?" Bennett continued. Willey's response again: "No." The message: whatever happened in the White House on that November day in 1993, Willey neither suffered nor benefitted from it.



Gingrich: a group of senior congressmen will examine the evidence gathered against Clinton

It was also Bennett's chance to undermine the credibility of the Arkansas state troopers who have claimed for several years that they procured women for Clinton while he was governor. The troopers also say Clinton asked them to bring Jones to a hotel room in Little Rock in 1991 where, she claims, he exposed himself to her and asked for oral sex. The White House has argued all along that her lawsuit is a political ploy by right-wing opponents of the President to humiliate him and force him from office. In the papers released last week, Bennett questioned one of the troopers, Larry Patterson, about a conservative conference he attended at a Washington hotel in February, 1994. There, he met leading Republican figures including Newt Gingrich, Oliver North and G. Gordon Liddy. Under Bennett's questioning, Patterson said that Gingrich, now Speaker of the House of Representatives, told him he was "pleased" that the troopers had accused Clinton of sexual misbehavior, "that we had done the right thing for our country." The message: the troopers—and Jones—are tools of the right.

More damning for Jones's case was testimony from the troopers' supervisor at the time, Raymond (Buddy) Young. He told Bennett that the troopers were actually procuring women for themselves under the guise of representing then-Gov. Clinton. "Any time Bill Clinton had contact with an attractive lady," said Young, "in Larry Patterson's mind the objective was to get in her britches. He hustled for himself on a regular day-in, day-out basis."

The White House's defence-by-offence against Willey appeared to work. By week's end, a survey for CNN found that 48 per cent believed she was out for money, 21 per cent thought she wanted to damage Clinton—and only 24 per cent accepted her word that she just wanted the truth to come out. The outcome was sobering for Willey, or any other woman contemplating going public against Clinton. Aware of that potential, Elizabeth Ward Gracen, who was Miss America in 1982 and then starred in the TV series *Highlander*, has been avoiding a subpoena from Jones's lawyers since December. A friend of Gracen's has testified that the actress had a sexual relationship with Clinton in the mid-1980s. Gracen denies that, but is determined not to be drawn into the case. "I don't want to be a pawn in this whole ugly affair," she said in a message left for a reporter attempting to contact her. "I do not want to be a party to women being unjustly humiliated in the media and victimized by politicians.' After what happened to Kathleen Willey last week, Gracen may well be wise to stay far away for a long time to come. □

DARING TO SPEAK THE CAPITOL'S 'I-WORD'

In Washington it's known as the "I-word." Only a handful of Republicans way out on the far-right fringe of their party are talking about it openly so far. But behind the scene, their leaders are already pondering how to deal with the explosive possibility of an impeachment inquiry aimed at President Bill Clinton. In public, they insist it is far too early to consider such a thing, after all, investigations into the scandals surrounding Clinton are still grinding on and there is no sign that the public has turned against him. But Speaker Newt Gingrich drew up plans last week to have a special group of senior congressmen examine the evidence against the President when prosecutor Kenneth Starr reports his findings to Congress, probably by late spring. And the House of Representatives' judiciary committee, which would eventually have to weigh the evidence, has asked for $2.1 million to hire more lawyers and investigators—just in case.

Others are less circumspect. Bob Barr, a Republican representative from the most conservative corner of western Georgia, has been campaigning to impeach the President for a year, starting long before Monica Lewinsky and Kathleen Willey achieved their sudden notoriety. Barr has 20 co-sponsors for a resolution to put Clinton on trial in Congress. The President, it says, "has engaged in a systematic effort to obstruct, undermine and compromise the legitimate and proper functions and processes of the executive branch." Barr's more moderate leaders keep him at arms-length. No wonder. In 1996, he introduced the Defense of Marriage Act to outlaw homosexual unions, but his critics quickly pointed out that the champion of family values has been divorced twice, has been sued for child support, and was once photographed licking whipped cream off a woman's breasts—to raise money for charity, he says.

Impeachment, of course, is a weighty matter. Article II of the U.S. Constitution provides that the president can be removed from office for "treason, bribery or other high crimes and misdemeanors." The House must pass articles of impeachment by a simple majority vote, and the Senate must then convict the president by a two-thirds majority. Only one president, Andrew Johnson, has been tried in the Senate: he was acquitted by one vote in 1868. Richard Nixon resigned in 1974, just as the House was moving to impeach him over the Watergate scandal.

Few in Washington seriously expect Clinton to face impeachment. Members of both parties doubt that his alleged misdeeds rise to the level of "high crimes and misdemeanors." Republicans are nervous about moving against a president with sky-high approval ratings. Besides, they would rather he stay in office, hounded by allegations, than see Vice-President Al Gore inherit the presidency and gain an enormous edge in the 2000 race. But a drawn-out inquiry into whether Clinton should be impeached would keep the scandals in the public eye—the best outcome for his opponents.

A.P. in Washington

Religion and power

Coalition concessions temper a nationalist

The day began with a touch of grandeur, but ended in humiliation. Buglers in white livery stood at attention as an honor guard of horses stamped in place at New Delhi's red-sandstone presidential palace for the swearing-in of a new prime minister. Atal Bihari Vajpayee, whose Hindu nationalists had been sidelined for most of India's 50 years, had campaigned under the slogan "Now is your time." Last week, the 71-year-old poet savored the sense of occasion. "I have a pledge to redeem, I have a promise to fulfil," he said after the ceremony. But within minutes, the new prime minister was locked in ugly wrangling with members of his own Bharatiya Janata Party and more than a dozen disparate allies over 42 cabinet seats, delaying the ministerial announcements until 11 p.m.

Day 1, and already Vajpayee, seen as a moderate in a party with a heavy-handed approach towards India's Muslim minority, had lost his first political battle. The power struggle over cabinet posts was an unsettling reminder of the delicate balancing act facing Vajpayee—India's fifth prime minister in two years. His efforts to rein in 13 parties and a handful of ambitious and unpredictable independent MPs while remaining true to his own party could quickly overshadow the real business of government. Although the BJP dominates, it shares power with regional barons, trade unionists, Sikh politicians, Hindu extremists and several high-profile defectors from the Congress party. Even so, the Hindu-led coalition does not enjoy an absolute majority in parliament and is counting on a powerful regional leader to remain neutral during a crucial March 28 non-confidence vote. A government Vajpayee headed in 1996 collapsed after just 13 days and many fear a repeat performance.

Fresh humiliation could arrive even sooner, courtesy of the stalwart Congress party, newly confident after resurrecting the dynasty that has dominated India for 45 of the past 50 years. The glamorous Italian-born Sonia Gandhi, 51-year-old widow of assassinated prime minister Rajiv Gandhi, clambered to the top of her family's Congress party last week in a coup that dislodged previous party president Sitaram Kesri. The move placed her firmly in line for the prime ministership if the current coalition fails. Throwing another roadblock in Vajpayee's way, Congress and the United Front alliance of left-wing and regional parties planned to jointly propose a candidate for Speaker this week.

Such tribulations are worlds away from what Vajpayee envisaged. To make the party palatable to its coalition partners, the BJP has been forced to dilute its core agenda—a burning desire to project a uniform "Hindu" identity. Critics say the party shows a powerful disregard for the secular ideals that have guided modern India—where Muslims make up more than 10 per cent of a diverse populace of nearly one billion. (Many BJP supporters took part in the 1992 destruction of an ancient mosque at Ayodhya.) The BJP surged to prominence in recent years by appealing to hardline upper-caste Hindus, this time winning 177 seats in the 543-seat lower house.

But the pressures of coalition governance mean many of the chauvinist approaches articulated during the campaign are likely to be shelved. "We will work on the basis of a broad national consensus," Vajpayee promised at his first news conference as prime minister. "I invite all political parties to co-operate in the endeavor." He bowed to the clamor of disparate coalition partners who had demanded meatier posts, yielding defence to a socialist leader who is likely to be softer than BJP hardliners towards exercising India's nuclear option. "There is no time frame" on developing nuclear weapons, Vajpayee said.

Vajpayee, who served as foreign minister in a short-lived non-Congress government during the 1970s, kept the external affairs portfolio for himself, boding well for the stalled peace dialogue with neighboring Pakistan. And foreign investors who had been wary of *swadeshi*—economic self-reliance as advocated by BJP ideologues—are certain to be reassured by the new government's immediate toning down of its campaign rhetoric. "The government makes it very clear that it wants foreign investment in infrastructure and high technology,' said Scott Proudfoot, first secretary at the Canadian high commission in New Delhi. 'and those are the areas where Canada has strengths it can offer to India."

Proudfoot predicted "a fair degree of continuity" with India's current policy of economic openness. Trade between the two nations reached $1.2 billion last year, and $144 million in direct foreign investment was approved during the first 10 months of 1997. The new finance minister, a pragmatic former bureaucrat who is less hostile to Western influences than BJP veterans, swiftly announced plans to cut some of the red tape that makes doing business in India cumbersome. Propping up an ailing economy—growth dropped to five per cent in 1997, down from 7.5 per cent a year earlier—is the new government's first order of business. But caught in a multiparty tug of war, it may be hamstrung from the start.



Poet-Prime Minister Vajpayee: 'I have a pledge to redeem, I have a promise to fulfil'

SUZANNE GOLDENBERG *in New Delhi*

Corrupting the dream

Palestinians say the peace process enriches a clique around Arafat

BY STEPHANIE NOLEN

When Israeli army jeeps drove away from the heart of Ramallah for the last time on a chilly night just over two years ago, old women led the jubilant crowd who ripped down the barbed wire around the town's grim prison and proudly hoisted the Palestinian flag on its roof. Busloads of grinning Palestinian police rolled into the West Bank town, wearing uniforms still creased from their packages. "Welcome, welcome home," called the white-veiled women who lined up to greet them. Those police were the symbol of freedom and of the autonomous state Palestinians had dreamed of and fought for during 30 years of Israeli occupation. But today in Ramallah and other Palestinian towns in the West Bank and Gaza Strip, many people avoid meeting the gaze of Yasser Arafat's law enforcers, who have become a symbol of a corrupt and sometimes brutal Palestinian regime. "Instead of being the law, they see themselves above it," says Bassem Eid, who heads the Jerusalem-based Palestinian Human Rights Monitoring Group.

Even worse, Palestinians accuse their own police of doing Israel's dirty work, most recently in quelling a wave of protests across the West Bank, sparked when Israeli soldiers killed three laborers at a checkpoint on March 10. More than 100 protesters were wounded and three killed in the clashes, prompting bitter Palestinians to renew demands that their leaders abandon the 1993 Oslo Accords, which set out a plan for self-rule in the territories. More than three years into the now-stalled peace process, Israel has withdrawn its troops from less than six per cent of the West Bank and has offered to pull back from only a further 13 per cent—far short of the original promise.

Last week Britain's foreign secretary, Robin Cook, led an international push to restart talks. On a swing through the region, Cook annoyed Israeli Prime Minister Binyamin Netanyahu by singling out continuing Israeli construction in disputed territory as an impediment to peace. Frustrated Palestinians, meanwhile, have all but lost faith in the ability of their leadership to deliver the peace and prosperity that was supposed to come with the Oslo process. But among themselves, they say darkly that Arafat and the clique who now rule from Gaza have far too large a personal stake in the accords to abandon them now. Those critics accuse the Palestinian leaders of using the power and legitimacy they get from the agreement to enrich themselves—often at the expense of their own people—through complex economic and security arrangements with Israel.



Arafat with phalanx of bodyguards: 'Instead of being the law, they see themselves above it'

Almost the whole leadership of the Palestinian Authority is making money working with Israel, says a prominent member of the elected legislative council, who, like dozens of other Palestinians who spoke with *Maclean's*, asked that his name not be published for fear of arrest. "And these are the men negotiating for us. It's a disaster for our people." While Arafat's non-elected cabinet members zip in and out of Gaza flashing Israeli VIP cards from their sleek luxury cars, the legislator notes that their people are rapidly getting poorer. A recent United Nations survey found living standards in the West Bank and Gaza have dropped by 35 per cent since the peace agreement was signed.

Critics have learned better than to complain publicly. To date, 13 prisoners have died from torture in Palestinian Authority custody, according to local human rights groups. At least 750 more, most of them members of the militant Islamist group Hamas, languish without charge in PA jails. After a series of suicide bombings by Hamas and other Islamic extremists helped derail the peace process starting in 1996, Arafat faced heavy pressure from the United States and Israel to crack down on his opponents. "The population of the West Bank and Gaza is increasingly desperate, but totally disheartened," says Palestinian political analyst Ghassan Khatib, who heads a Jerusalem think-tank. "They don't have the heart to fight any more, and they don't know who to fight."

At the same time, Israel has frequently sealed its borders with the West Bank and Gaza ostensibly on security grounds, crippling the Palestinian economy by freezing trade and keeping workers from jobs in Israel and Israeli-occupied East Jerusalem. The World Bank estimates that each day of closure costs the Palestinian economy about $7 million, half its daily GNP. Unemployment hovers at 35 per cent in the West Bank and 50 per cent in the Gaza Strip.

And yet, on the Strip's tiny patch of Mediterranean coast, there are a dozen new southern-Gothic mansions built by Arafat's henchmen, looming in opulent contrast to the muddy refugee camps nearby. Gaza security chief Mohammed Dahlan, who grew up in one of those camps, built a pink stone palace last year. According to local merchants, importers and even officers who work under Dahlan—all talking strictly off the record for fear of his power—he financed it with kickbacks they say he gets on every business transaction in the Strip.

Then there is Khaled Salam, the shadowy economic adviser who is second in power only to Arafat. Salam, who comes from the Kurdish region of northern Iraq, hooked up with the Palestine Liberation Organization when it ruled much of Lebanon in the 1980s. Now, he heads the Palestinian Commercial Services Company, an import business through which he controls PA monopolies on designated commodities. Many independent observers, including political analyst Khatib, say Salam's real task is building an unofficial second treasury—an emergency stash for Arafat. Israeli journalist Ronen Bergman, who co-authored an exhaustive study of Palestinian monopolies for the Tel Aviv-based newspaper *Ha'aretz*, says it is widely understood that unaudited profits from Salam-controlled monopolies, as well as some tax revenues, go directly into a bank account in Tel Aviv that, according to people with knowledge of the transactions, holds at least $425 million.

"Arafat needs money, he's not going to get from donor countries," explains Khatib. The PLO chief needs cash to support families of "martyrs" from Lebanon, he says, and a slush fund to buy off or squeeze out opponents, and to make the great escape, should the Oslo experiment fail. "Khaled Salam believes he is doing what he does for the cause," says Khatib. "That cannot be done cleanly, and he is prepared to live with that."

Salam denies any unethical dealings or the existence of a secret fund. In a rare interview, he defended monopolies on a few key commodities as necessary for an infant economy, insisting the PA has exclusive control over only gas and cement. But Bergman says the PA holds 27 trade monopolies on everything from cigarettes to flour. "All under the control of senior officials of the Authority or their relatives."

In the coffeehouses and shops of the territories, Salam is known as Mr. Ten Per Cent—a bitter reference to the cuts he reportedly takes. He has signed dozens of deals on behalf of the PA, many of them with companies headed by powerful Israelis, such as an exclusive contract for the import of fuel, with the Israeli firm Dor. Salam's Israeli business partners are former top officials in the Israeli security services and administration in the occupied territories. Advisers to then-Prime Minister Yitzhak Rabin during the Oslo negotiations, they have since parlayed their contacts with key Palestinians into business deals.

Israeli insiders anxious to forge an economic foundation for the peace deal found willing partners in the men Arafat brought with him from his government-in-exile in Tunis. After decades on the run in the service of the "revolution," theirs was a world of guns and Swiss bank accounts, not cabinet meetings and Question Periods. "Arafat has always ruled by surrounding himself by people he can control, usually with money," explains a prominent member of the Palestinian Legislative Council who once worked for Arafat in Tunis. "That means they are used to bribes and taking a cut."

It also means there is no likely successor for Arafat, who lives in a modest house in Gaza with his wife, Suha, and their three-year-old daughter. In recent months, he has looked increasingly worn and haggard, but people close to Arafat insist he is not sick, merely suffering under enormous strain. Meanwhile, by appointing his cronies to top positions, Arafat has also alienated the indigenous West Bank and Gaza leadership that had emerged during the *intifadeh*. "Returnee" was once the term of greatest respect in the Palestinian lexicon; now the rich and powerful who came home with Arafat are jeeringly known as *'falasha*," Hebrew for "invader," borrowed from the Israeli pejorative for Ethiopian immigrants.

The legislative council, which began its third session this month, has issued two courageous reports on corruption in the Authority. Arafat simply ignored those reports although last year his office did issue an audit reporting some financial mismanagement and promising to address it. But there has been no further comment from the inner circle, and when the entire Palestinian Authority cabinet resigned last August in the face of a damning council indictment for mismanagement, Arafat ignored that too, until the issue blew over. "Arafat and the people around him are tied to this process—to getting rich and staying powerful," says Haider Abdul Shafi, a Palestinian elder statesman who quit the council in disgust last fall. "They won't pronounce Oslo dead. And so things continuously drift to the detriment of the Palestinian people."



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World NOTES

NEW LEADER IN CHINA

In a largely symbolic election, China's leaders named Zhu Rongji, a charismatic reformer, as new prime minister, replacing Li Peng who was named chairman of the legislature. Zhu, 69, impressed observers at a news conference where he announced his goal of protecting China's economy from Asian turmoil. He pledged to keep growth at eight per cent annually, and set a three-year deadline to slash half of the eight million jobs from the bloated state and party bureaucracy.

KILLER TORNADOES

A tornado near Gainesville, Ga., 80 km north of Atlanta, killed at least 13 people, including five who were trapped in their mobile homes that were uprooted and tossed dozens of metres by the storm. More than 100 others went to hospital with storm-related injuries. Another tornado in North Carolina killed two people and injured some two dozen more.

A VATICAN APOLOGY

In a long-awaited document called "We Remember," the Vatican expressed "deep regret" for the complicity of individual Christians during the Nazi Holocaust. Jewish leaders around the world complained that the church had failed to acknowledge its own responsibility and that of the wartime pope, Pius XII.

MINNESOTA, CANADA

A Minnesota congressman proposed a constitutional amendment that would allow a piece of the state known as the Northwest Angle—population 100—to secede and join Manitoba. "If you can't beat 'em, join 'em," said one resident. The mock-serious move was aimed at drawing Washington into a local resort owners' dispute with Ontario over Americans' rights to catch fish on the Canadian side of the Lake of the Woods.

A READING WAR TRUCE

A U.S. study concluded that a combination of both phonics and whole-language teaching methods offers the best chance for children to learn to read. A panel of 17 experts spent two years culling research to settle the ideologically charged debate over whether sounding out letters or emphasizing context is the best route. The report's compromise: teach letter sounds, but allow young students to invent their own spellings.



AFP

UNARMED: **Ethnic Albanian women waved bread loaves symbolizing their peaceful intentions on a march from Kosovo's capital, Pristina, to Drenica, where Serbian authorities have killed more than 80 people in a crackdown on the southern province's ethnic Albanian separatists. Police forced the women back, but later in the week 25,000 protesting Albanians clashed with Serbian demonstrators demanding that Kosovo—which is 90-per-cent Albanian—stay in Serbia. European envoys pressed the two sides to start negotiations before international powers meet this week to discuss new sanctions—including an arms embargo.**

Washington softens on Cuba

Two months after the Pope's visit to Cuba, Washington relaxed some of its sanctions against the Caribbean island nation. In a gesture aimed at smoothing the flow of humanitarian aid and easing the plight of ordinary Cubans, President Bill Clinton said direct flights will be permitted between the two countries, and Americans may send money to Cuban relatives for the first time since Havana shot down two U.S. civilian planes two years ago. "The overarching goal of American policy," said Clinton, "must be to promote a peaceful transition to democracy on the island."

The U.S. trade embargo and the Helms-Burton law penalizing non-Americans who trade with Cuba, remain in force. And Americans are still prohibited from vacationing in Cuba. Still, the new measures represent a significant shift, moving the U.S. strategy a step closer to the policy of "active engagement" pursued in Ottawa and other capitals—pressing for human rights through contact, rather than by isolating dictator Fidel Castro. In an interview with CNN, Castro praised Washington's action as "positive" and "constructive."

Clinton's announcement came just hours before unconfirmed reports that four Cuban baseball players and their coach, missing at sea since March 10, turned up in the Dominican Republic. The five had headed for Florida, the latest in a wave of baseball players defecting to the United States.

Buying a piece of the Kennedy legacy

John F. Kennedy's children reached an agreement with a memorabilia collector just hours before 500 items used by the president went up for auction in New York City. John Kennedy Jr. and Caroline Kennedy Schlossberg reclaimed two private journals and a mahogany wall clock, which they said had been taken without permission, but they failed to get back the briefcase and watch their father was wearing the day of his assassination in 1963. Kennedy's yacht sold for $8.4 million, and two pairs of long johns went for $4,900. But the sale did not generate the excitement of a 1996 auction of 5,000 items from the estate of Jacqueline Kennedy Onassis.



Asper (left), Griffiths: after her sale, a cruise on the yacht Obsession

The future of WIC

Will Izzy Asper fight Shaw and Allard for control?

BY JENNIFER HUNTER

It had been clear for some time that Emily Griffiths wanted to make changes in her life. Last spring, the silver-haired, 75-year-old grande dame of Vancouver's Griffiths clan resigned from the board of WIC Western International Communications Ltd. the television and radio company her husband, Frank, had built before his death in 1994. Then, she began to take other steps, disconnecting her listed phone number, preparing to move into a new $4-million home, buying herself a $1.5-million yacht, Obsession, and planning to take it on an Alaska cruise this summer. But Emily's most dramatic move came at 7:28 on the morning of March 14. In a sparely worded news release, Frank Griffiths's widow announced that she was selling her shares in WIC to two wealthy Alberta families, the Allards of Edmonton and the Shaws of Calgary. Her price: $91 million.

Rumors that Emily Griffiths wanted to sell her stake in WIC have been rife since Christmas. But most analysts expected the television and radio conglomerate to go to CanWest Global Communications Corp. of Winnipeg. CanWest's chairman, I. H. (Izzy) Asper, has made no secret of his desire to extend his chain of television stations nationwide. Taking over WIC's four Alberta outlets, including two in Edmonton and Calgary, would be a giant step towards that goal. Asper, moreover, has positioned CanWest for just such a move, building up its holdings in the Vancouver broadcaster. Three years ago, he even attempted to execute a hostile takeover of WIC, offering $656 million for the company. But when Griffiths decided to sell—for a fraction of that figure—she did so in a finely calculated transaction that left voting stock in WIC almost evenly split between the Allards (through family-owned Cathton Holdings Ltd.) and the Shaws—whose Shaw Communications Inc. already has extensive media assets.

Griffiths could do that because of WIC's two-tier share structure. Her class A stock consisted of voting shares (before the sale, she owned 61 per cent of those outstanding). The B-class stock that Asper's CanWest has been accumulating entitles its holders to dividends—but not to voting rights. The structure is not uncommon: family companies (including Shaw) often favor the technique as a way to bring investment into a firm, without losing control over its management. But it has also been controversial, since even large investors in B stock—such as Asper—find they lack a voice in their corporation's affairs. And critics insisted that Griffiths's carefully structured sale shortchanged holders of WIC's B stock. "Minority shareholders have been abused," fumes Bill Riedl of Fairvest Securities Corp., a shareholders advocacy group.

WIC's sale is far from a done deal. For one thing, it is certain to be intensely scrutinized by the Canadian Radio-television and Telecommunications Commission, which must approve the transfer of ownership of broadcasting outlets. The WIC sale may also attract the attention of both stock market regulators and the courts, if Asper challenges the sale or critics like Riedl get their way.

At the heart of the disputes over WIC's future lies a provision in the company's shareholder agreement known as a "coat tail clause." The clause is supposed to be triggered once the majority stake in WIC's voting A shares is transferred, when it would effectively turn all WIC non-voting B shares into voting ones. Griffiths's sale attempts to step around the clause by giving 49.9 per cent of WIC's voting shares to the Allards, and 49.96 per cent to the Shaws. That, argues Jim Shaw, president and chief operating officer of Shaw Communications, means WIC "has been sold from a control position to a noncontrol position, because no one shareholder can control it." And since no single owner is in control, Shaw insists, the coattail clause did not kick in.

That logic makes shareholder advocate Riedl sputter with anger. "It's absolutely ridiculous to say that and think somebody is going to believe it," Riedl asserts. "One family does not clearly have control relative to the other family, but jointly they both have control." Riedl hopes security regulators will launch an investigation—as they did in 1987 when the Billes family tried to sell its shares in Canadian Tire Ltd. to the chain's store dealers without provision to compensate nonvoting shareholders. Regulators responded by requiring companies with two classes of capitalization to adopt coattail clauses, to ensure that minority shareholders are treated fairly.

Last week, other minority shareholders waited to see how CanWest would respond to being shut out of the new controlling partnership. "Izzy Asper," says one observer, "is in the most powerful seat now." One option: go to court and claim that the coattail provision should kick in, a move that might force the Allards and Shaws into an out-of-court settlement. But Asper has tried to twitch WIC's coattail into action before. When his 1995 takeover bid (which included both classes of WIC shares) failed, Asper went to the B.C. Supreme Court. He argued that the Griffiths sale of a block of A stock to the Allards had triggered the clause. The judge disagreed. A simpler alternative for CanWest now would be to swap its 30-per-cent stake for some of WIC's broadcasting assets.

In the wake of the sale, several analysts speculated that Asper's litigious bent—and CanWest's continuing efforts to buy up WIC shares—had left Emily Griffiths opposed to selling out to the Winnipeg-based family. But one executive familiar with WIC says that is not necessarily the case. "I don't think the Griffiths cared who they sold to," the insider noted. "It was probably just a matter of getting the best deal." In any case, the Allards had first right of refusal for any sale of Griffiths-owned shares. And if the Griffiths had experienced problems with the Aspers, so had the Allards. In the late 1980s, family patriarch Dr. Charles Allard tussled with Izzy Asper in court over ownership of Vancouver's CKVU TV. That time, Asper won, and CKVU is now the city's local Global station.

But the Aspers are not yet out of the latest fight for WIC. When Griffiths made her late-night announcement, Asper was vacationing at his condominium in West Palm Beach, Fla. Sons David and Leonard, both executives with CanWest, had just returned from a business trip to Ireland. When Izzy Asper heard about the Griffiths sale, he flew home. Through news releases, the family claimed it had talked with Griffiths about buying WIC, but discussions stopped "when negotiations reached an impasse over nonmonetary issues." Late in the week, Asper and CanWest's top executives retreated to an undisclosed U.S. location to plan their response. Said Asper: "CanWest has no immediate plans to take any action until complete information is available."

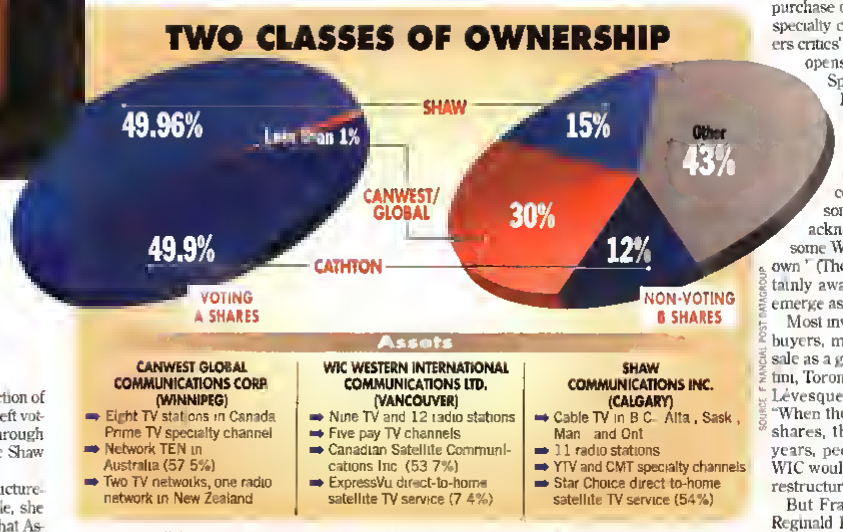
Shaw began moving into action last spring, when it started buying WIC shares. "We believed," said its president, "something was going to happen in the long run." Like WIC, Shaw owns or has shares in radio stations, satellite TV services and a number of specialty TV stations. It is also in the cable television business. Jim Shaw insists there are "synergies" between WIC and Shaw assets.

But those mutual benefits may look like something else to the CRTC. The commission has already forced Shaw to delay the planned purchase of Sportscope Network Ltd., a specialty cable channel, while it considers critics' concerns that the acquisition opens the door to Shaw favoring Sportscope on its cable system. In the WIC case, the CRTC will be concerned that integrating WIC's assets with Shaw's could also lessen competition. "Their decision could be conditional on selling some of the assets," Jim Shaw acknowledges. "We could divest some WIC assets or sell some of our own." (The same fate would almost certainly await CanWest, should it ever emerge as WIC's proprietor.)

Most investment analysts and media buyers, meanwhile, greeted the WIC sale as a good thing. Said Vince Valentini, Toronto-based media analyst with Lévesque Beaubien Geoffrion Inc.: "When the Griffithses held the voting shares, things were static. For two years, people were speculating that WIC would be broken up. Now some restructuring can begin."

But Frank Griffiths's biographer, Reginald Roy, believes WIC's founder would be saddened by what has happened to the company he built. "I think he was well aware," Roy says, "that his sons wouldn't be able to run it as he did." So it seems, was his widow. It was Emily Griffiths who agreed that their eldest son, Frank Jr., should be removed as WIC's senior vice-president in 1995. Younger son Arthur took over the family's sports empire, Northwest Sports & Entertainment, and ended up losing it to Seattle businessman John McCaw.

Testaments to the Griffithses' accomplishments remain: the Vancouver Canucks hockey team, the Vancouver Grizzlies basketball team, General Motors Place (where the two teams play), the influential BCTV television station and powerhouse CKNW radio. Then there is Griffiths Way, a little blink of a street that runs alongside GM Place. As Emily Griffiths readies herself for her getaway cruise to Alaska, she could take comfort in the knowledge that her husband's acumen will not soon be forgotten. But whoever emerges at the helm of WIC, control of the family's former empire has finally slipped not only out of its hands, but out of British Columbia. □





Scarborough Town Centre store: a new look

BUSINESS

A critical makeover

Call it music to restructure by. With purchases of sale-priced jeans and shirts last week, clerks at Eaton's stores across the country doled out copies of *XL Tracks*, a pop music CD featuring funky songs with titles like *If You Think I'm Jiggy* and *Feels So Good*. Eye-catching displays showcased the latest from the houses of Calvin Klein and Liz Claiborne. And women wandering through the chain's Burlington, Ont., store were even invited to attend a special one-day bra-fitting clinic. All in all, Eaton's seemed ready to do just about anything to lure shoppers through the doors. "You're starting to see some pretty exciting promotions," said Toronto retail consultant Len Kubas. "There's a sense of momentum starting to build, which has been missing for a long time."

Welcome to Eaton's for the millennium. Barely more than a year ago, the faded dowager descendant of old Timothy Eaton's sturdy frontier department store had one foot in the grave, weighed down by a debt of close to half a billion dollars and forced to take shelter behind court-enforced bankruptcy protection. Now, thanks to a hard-fought truce with creditors that led to a $420-million debt restructuring last October, the closure of 21 stores, and the sale last month of its credit-card arm for an estimated $100 million, analysts say Eaton's bottom line is in the best shape it has been for years. But the real work is just beginning. Battling against time and its own shallow pockets, the company is pinning its hopes for future growth on a costly, much-needed makeover of its 64 remaining locations. "You can't be left with dowdy, old-fashioned stores in today's competitive market," says Kubas.

The transformation is getting off to a grindingly slow start. Only the Mississauga Square One outlet in suburban Toronto is currently being fashioned to fit the new image. But Eaton's claims that similar renovations at other stores in recent years, such as Toronto's Scarborough Town Centre location, have boosted sales by as much as 20 per cent. The updated look is brighter and more open, with lots of wood and clearly marked departments. Product mix is changing as well. Furniture, appliances and electronics will be dropped entirely at 21 stores, to make room for more profitable cosmetics and clothing lines. The chain also plans to open 2,000 in-store "vendor shops" this year, for which brand clothing makers such as Tommy Hilfiger and Ralph Lauren will split the $80-million cost.

Eaton's is striving to smarten up its image

Covering the rest of the bill for the massive makeover may not be as easy. Donald Thompson, a marketing professor at Toronto's York University, estimates the total cost for remodelling neglected outlets could reach at least $500 million. Eaton's president George Kosich says the renovations will cost closer to $350 million. According to one consultant, Eaton's is pressing its landlords—some of whom complained that the chain's restructuring plan left them millions of dollars short—to contribute. But ultimately only one avenue is likely to yield the kind of money that Eaton's will need: the first public share offering in its 128-year history. Analysts say Eaton's hopes to raise as much as $200 million from the equity markets, probably this fall.

To do that, the venerable chain will have to prove to investors that it can thrive in today's furiously competitive retail market. Out-muscled by deep discounters like Wal-Mart and specialty "big-box" chains such as Future Shop, Canada's three traditional department stores—Eaton's, the Bay and Sears—have seen their combined sales slip from $7.2 billion in 1992 to $6.4 billion last year. Over the same period, sales at discount outlets like Wal-Mart, Zellers and Price Costco jumped to $8 billion from $5.9 billion. Seeking safer ground, the old-line stores have attempted to move upscale by shifting their focus to better-quality and higher-margin apparel and cosmetics. Like Eaton's, the Bay is also undergoing a makeover, for which Canada's oldest trading company successfully raised $300 million in a share issue last week. But in a crowded, cut-throat market, the lines between rivals can easily become blurred. Says Maureen Atkinson, a consultant with Toronto-based J.C. Williams Group: "The key to Eaton's success is going to be finding a way they can be different from the others."

While analysts generally applaud the company's cost-cutting record and the new spirit in its merchandising, Eaton's is nowhere near carving out a secure niche for itself. Simply updating the stores' ambience will not be enough, says Stephen Arnold, who teaches retail management at Queen's University in Kingston, Ont. For customers, he says, store appearance typically lags behind factors such as price, assortment and service as priorities. York's Thompson adds that up to 70 per cent of Eaton's products in some stores still overlaps with Wal-Mart's. For a company whose identity was once an icon of Canadian commercial culture, failure to stand apart from a crowded market could carry a heavy price.

JOHN SCHOFIELD





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Business NOTES

THE BRE-X BANDWAGON

Shareholders stung by the Bre-X Minerals Ltd. gold-mine scandal filed two more class-action lawsuits in Vancouver, adding to the long list of actions already launched in other provinces and in Texas. One of the Vancouver cases accuses Toronto-based investment dealer Midland Walwyn Capital Inc. of failing to ensure Bre-X was a sound investment, while the other takes aim at former Bre-X executives. Hundreds of investors lost an estimated $3 billion last year when Bre-X shares collapsed.

TIME TURNS A PAGE

U.S. media giant Time Warner Inc. announced it will close Canadian subsidiary Little, Brown and Co. (Canada). In future, Time Warner said, its trade books will be handled in Canada through independent distributor H. B. Fenn and Co. Ltd. of Bolton, Ont. No plan was announced to continue publishing Little Brown's stable of Canadian authors, which included Barry Callaghan and Anne Porter.

ROYAL OAK DEADLINE

Peggy Witte, embattled president of Royal Oak Mines Inc., whose head office is in Kirkland, Wash., said the company has less than 30 days to raise $85 million or it will have to suspend development of its gold and copper mine at Kemess, in northern British Columbia. Witte, who revealed that Royal Oak is in default on $62 million in bonds, said her options include selling the firm.

OILPATCH CHILL

Falling oil prices prompted Imperial Oil Ltd. of Toronto to suspend new drilling at its Cold Lake, Alta., heavy oil project. But backers of Newfoundland's giant Hibernia offshore development insisted that prices, which have fallen by 30 per cent since November, do not threaten the megaproject's profitability. Benchmark crude oil prices closed last week at $20.20 a barrel.

BOEING JOBS GROUNDED

Boeing Co. will lay off at least 800 of its 2,000 employees at its Toronto airliner wing plant, as part of its worldwide cut of more than 8,000 jobs. Some 2,300 Boeing workers in Winnipeg and Arnprior, Ont., will not be affected by the reductions. The Seattle-based aerospace giant is rationalizing after its purchase last year of rival McDonnell Douglas, which owned the Toronto plant.

Safety-Kleen: silver lining?



STEVEN JOLE/HAMILTON SPECTATOR

Philip site in Hamilton: to manage, or grow?

Laidlaw Environmental Services Inc., the U.S. subsidiary of Burlington, Ont.-based Laidlaw Inc., outbid competitor Philip Services Corp. of Hamilton in a $2.84-billion takeover of Safety-Kleen Corp. But Philip may be the short-term winner, said some observers. Analyst Paul Knight, of Salomon Smith Barney in New York City, said Philip's failure to purchase the Illinois-based industrial services company soothes stock market fears that Philip had acquired too many assets to manage them properly. Others asserted a contrary view: that Philip's market allure has relied on acquisitions and that the company could suffer from closer scrutiny of its management.

On March 5, Philip announced a $302-million after-tax write-down that included $81 million to offset speculative trading losses. Despite those problems, Philip went ahead with its bid to acquire Safety-Kleen, a move that would have more than doubled the company's size. Observed Laidlaw chairman Jim Bullock: "Philip was saying their new strategy is to consolidate and focus on things they bought in the past year—'And by the way we're making a $2-billion acquisition.' None of their shareholders seemed to be saying, 'Isn't that a bit contradictory?'" Contradictory or not, Philip's stock closed the week almost unchanged at $14.70.

Yves Landry: 1938-1998



VERA HAVARET

Prime Minister Jean Chrétien was among the hundreds of mourners who attended the Windsor, Ont., funeral of Yves Landry, the asbestos-worker's son who became chairman, president and CEO of Chrysler Canada Ltd. Landry, 60, whom Chrétien had named three weeks earlier to head Ottawa's $2.5-billion Canada Millennium Scholarship Foundation, died of a heart attack on March 15 while vacationing in Florida with his wife, Henriette.

Landry was raised in Thetford Mines, Que., and joined Chrysler Canada in 1969 as a regional sales manager, rising to its top job in 1990. He was admired in corporate circles for healing Chrysler's strained labor relations, and among political leaders for his outspoken federalism.

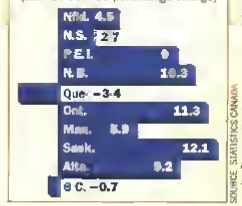
FINANCIAL OUTLOOK

British Columbia remains a dark cloud on an otherwise bright Canadian economic horizon, Toronto-Dominion Bank predicted the once-thriving B.C. economy will grow by only 0.5 per cent this year, last among the provinces and far behind the 3.1 per cent forecast for Canada as a whole. A toxic mix of weak consumer demand, battered business confidence and Asian turmoil could yet push the province into recession, it added.

The Asian economic flu is less likely to hurt the rest of the national economy because of low inflation and reduced government deficits, said Bank of Canada governor Gordon Thiessen. The impact of January's ice storm was worse, pushing down retail sales by almost two per cent in January from the month before. Even so, Thiessen predicted that Canada's jobless rate, which stood at 8.6 per cent last month, will continue dropping.

RETAIL SALES

(Jan. '97-Jan. '98 percentage change)



SOURCE: STATISTICS CANADA

"There is pessimism, bordering on despair, within the business community in British Columbia."
—B.C. Business Council

"Excluding the auto area, retail sales [in Canada] actually rose 0.3 per cent in January. The retail outlook is still very positive, based on a strong rebound expected in February."
—Scotia Capital Market



Peter C. Newman

A revolutionary young economist

In the mysterious world of economics, the buzz these days is about Paul Romer, a youthful practitioner of the dismal science, who at 42 is already being mentioned for a Nobel Prize—and has some solid Canadian connections. Romer has been singled out by the authoritative *Economist*, which predicted that "historians will date the revival of growth theory to his work." Last year, *Time* called him one of the 25 most influential Americans. And management guru Peter Drucker believes that his many breakthroughs "have already laid the groundwork for a Nobel."

Romer's thoughts on how long term growth will alter not only our economies, but societies as a whole, have triggered an intellectual upheaval equivalent to that which greeted the revolutionary theories of Adam Smith and John Maynard Keynes. What Romer, an intense scholar who calls himself 'an intellectual bomb thrower," has achieved is nothing less than turning the world of economics upside down. He has done that by challenging one of economics' most sacred concepts: the law of diminishing returns, which holds that adding more and more machinery or labor eventually delivers less and less output.

> Paul Romer has turned the dismal science upside down with a vision of a boundless future with unlimited growth

Romer credits Queen's University in Kingston, Ont., where he did some postgraduate work in 1979-1980, as the place where he made his most significant breakthroughs. When I interviewed him recently in Vancouver, he had just arrived from a meeting of the Canadian Institute for Advanced Research, a Toronto-based network of international economists where he consults regularly as a Royal Bank Fellow. Says Stefan Dupré, the institute's president, "In Paul Romer the theorist, I find a titan of mathematical modelling. In Paul Romer the statistician, I find a quantitative wizard. In Paul Romer the historian, I find a sensitive practitioner of this most humanistic of disciplines."

A PhD graduate of the power-house economics department at the University of Chicago, Romer now is a professor at the Graduate School of Business at Stanford University, just south of San Francisco, but spends much of his time guest lecturing and doing research. He has been called a "third-wave deconstructionist" (whatever that is), a "Stalinist" and a few other choice epithets, but his reaction is always the same: "I'm quite happy to offend everyone."

What has everybody so excited is that he has translated the impact of the march of innovation into economic terms, and declared the end of scarcity. The argument is deceptively simple: until now, we had to deal with the limited supply of raw material, whether it was land, oil, water or gold, and that had significant implications for employment, government budgets and corporate profits. But with the widespread use of computers unleashing boundless creativity, there need not be any limit on our ability to create more valuable output. "Innovation had been dismissed as a foreign factor, akin to saying it had fallen from the sky, much as rain falls on a farm," Romer told me. "The fact is that new ideas and innovations arise daily, and keep building on each other, and simply aren't governed by such old rules as the law of diminishing returns."

In other words, there are no limits to growth. "From now until the time when the sun explodes, we won't run out of new things to discover," he says. Bill Gates, for example, can walk through a customs barrier anywhere in the world and swear he has nothing to declare when, in fact, his brain carries the multibillion secrets of Microsoft, which have made him the wealthiest man on earth. The key issue is to understand knowledge or ideas as economic goods, which usually have fixed costs. Developing a piece of software might cost $100 million, while producing a copy of it on a floppy disk would cost 50 cents. That raises the question of how to value an important idea.

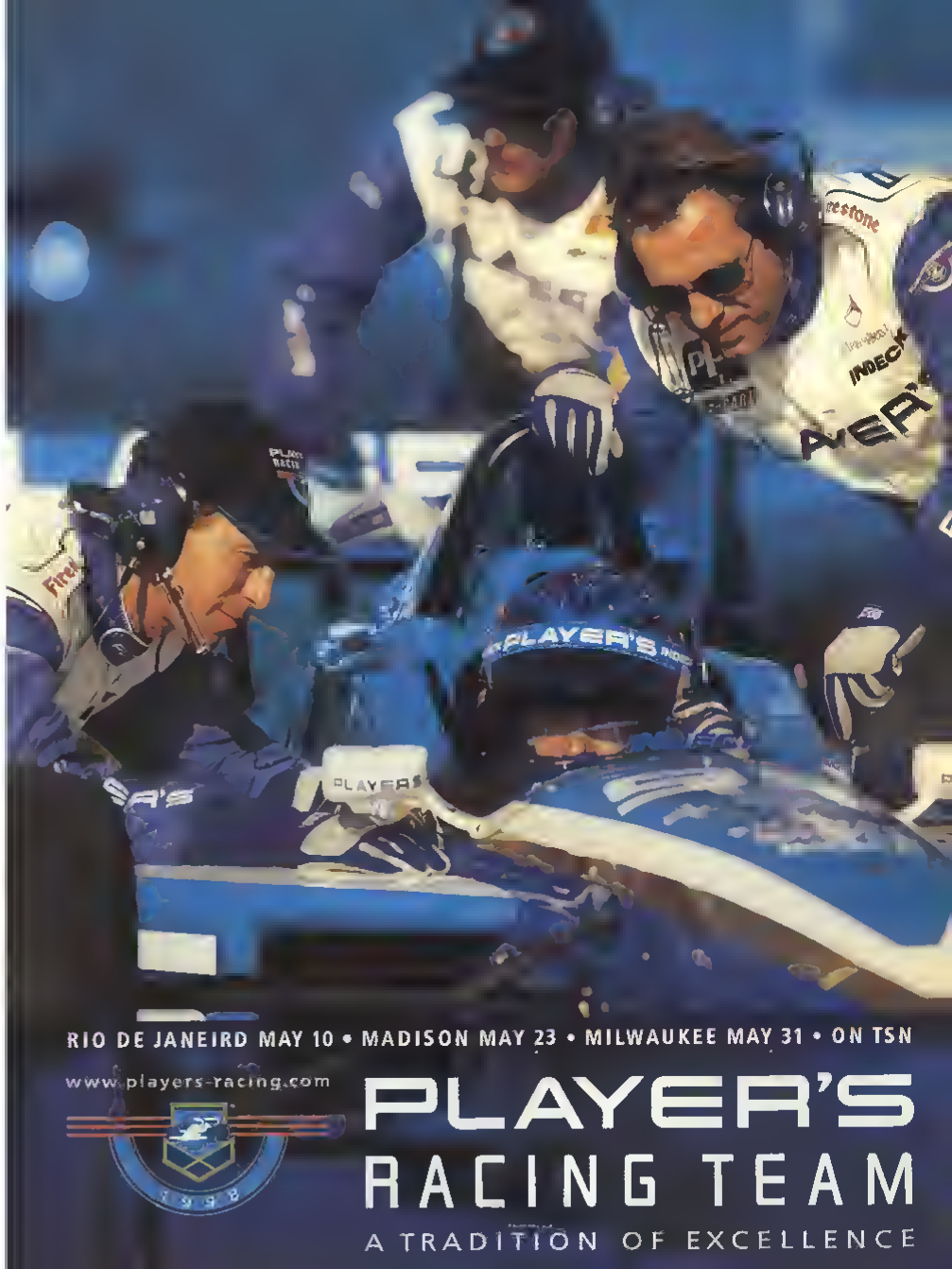
Romer's favorite illustration of what's possible is this brainteaser. Using chemical reactions, he says, we can reorder carbon and hydrogen into structures such as proteins. He asks his students to imagine the chemical refinery of the future, which will be small and mobile enough to search for its own input, capable of maintaining a constant temperature, and also be self-healing and able to reproduce itself—and do all this without human intervention. What is it?

A cow.

Romer's point is that if hundreds of millions of years of evolution can produce the cow there must be countless combinations of atoms and chemicals we haven't even thought about. To emphasize the magic of such innovation, he cites scientific experiments that will turn cattle into pharmaceutical factories. (By altering their DNA, it's expected that they will secrete lactoferrin, a protein in breast milk that will protect babies against infection.) "The overall message," Romer concludes, "is that there really are great opportunities available for all of us around the world. And the anxieties that many face right now about the effects of innovation are real. So I try to convince people to look back historically and consider the process, and how we've been successful, say over the past hundred years, in harnessing technology."

"In fact," he continues, "Canada is the greatest example of how you can get benefits from the new economy, and also maintain your quality of life. But the most essential factor is education, and I mean right from the start. If you mess up from age zero through 5, there's not a lot you can do to fix it up later."

Paul Romer is an outsider to many of his fellow economists. Trying to work with them, he recently complained, is like trying to herd cats. But he loves stirring things up, and fervently believes "there's a little corner of economics where a sense of wonder about what's possible, still exists."



The rush to sue

Harvey Strosberg is trying to revolutionize Canadian law

BY IVOR SHAPIRO

"I'm prepared to recommend 1.6 million," Harvey Strosberg, QC tells the other lawyer as they step off a Dash 8 commuter aircraft onto the tarmac in Toronto. He means dollars, of course, and this tarmac suggestion to his opposing counsel is only the latest gambit in the quest—central to almost any lawsuit—for the magic number (affordable to the defendant, acceptable to the plaintiff) that will settle it all. In this case, the defendant is the government of Canada (which can afford much); the plaintiff—Strosberg's client—is an unemployed former secretary, Dorothy Edgar, 69, who helped Revenue Canada in a fraud case and now claims she was deprived of a promised reward. How close is $1.6 million to the magic number? The government's lawyer, Toronto litigator Julie Thorburn, offers no clue as she nods without breaking her stride into the terminal. "One point six? I'll get back to you. Will you be at your Toronto number tomorrow?"

Well might she ask. The day before, Strosberg had been in Ottawa addressing justices of the Supreme Court of Canada. That day, Thursday, in Windsor, he had cross-examined Thorburn's first two witnesses. Friday in Toronto, he would preside over the convocation of the Law Society of Upper Canada. Saturday: back in Windsor, preparing papers for a class action against officers of failed mining company Bre-X Minerals Ltd. and the investment analysts who had touted its ill-fated stock—one of three big-money class actions currently on his desk.

Strosberg's clients have included Bobby Orr (against Alan Eagleson), the federal government (against Brian Mulroney) and the government of Ontario (against the three surviving Dionne quintuplets). But this $400-an-hour lawyer says he sees himself as the scourge of big business and defender of the unfortunate—people like Dorothy Edgar and the ruined Bre-X stockholders. Last October, Strosberg won a record $24.2 million for patients, hospitals and health ministries affected by a defective pacemaker device made by a subsidiary of transnational Pacific Dunlop Ltd. That class action, with its $6-million court-approved legal fee, cemented Strosberg's reputation in Canadian law—a stage usually dominated by criminal lawyers and appeal judges. But Harvey Strosberg, tort man extraordinaire, is a lawyer whose time has come.

Not long ago, Canadians could be excused for thinking of big-money tort litigation as something Americans did. (Torts are wrongful acts, whether negligent or intended, unlike crimes, which are prosecuted by the state; torts are prosecuted by the victims with a claim for damages.) The undisputed "King of Torts" was Melvin Belli, the famed and flamboyant U.S. personal-injury man. Yet sometime in the 1970s, Canadians started suing one another more often, and with more success. Lawsuits against doctors rose from 80 in 1970 to 906 in 1985. "Very seldom do patients or family members say any more, 'Too bad Aunt Elmira died in hospital but I guess that was the will of the Lord,'" says Toronto defence lawyer Michael Royce. "Instead, they order a copy of the hospital chart, go to the coroner and approach a lawyer." One consequence for doctors: spiralling malpractice insurance premiums, which rose 11.5 per cent at the beginning of the year.

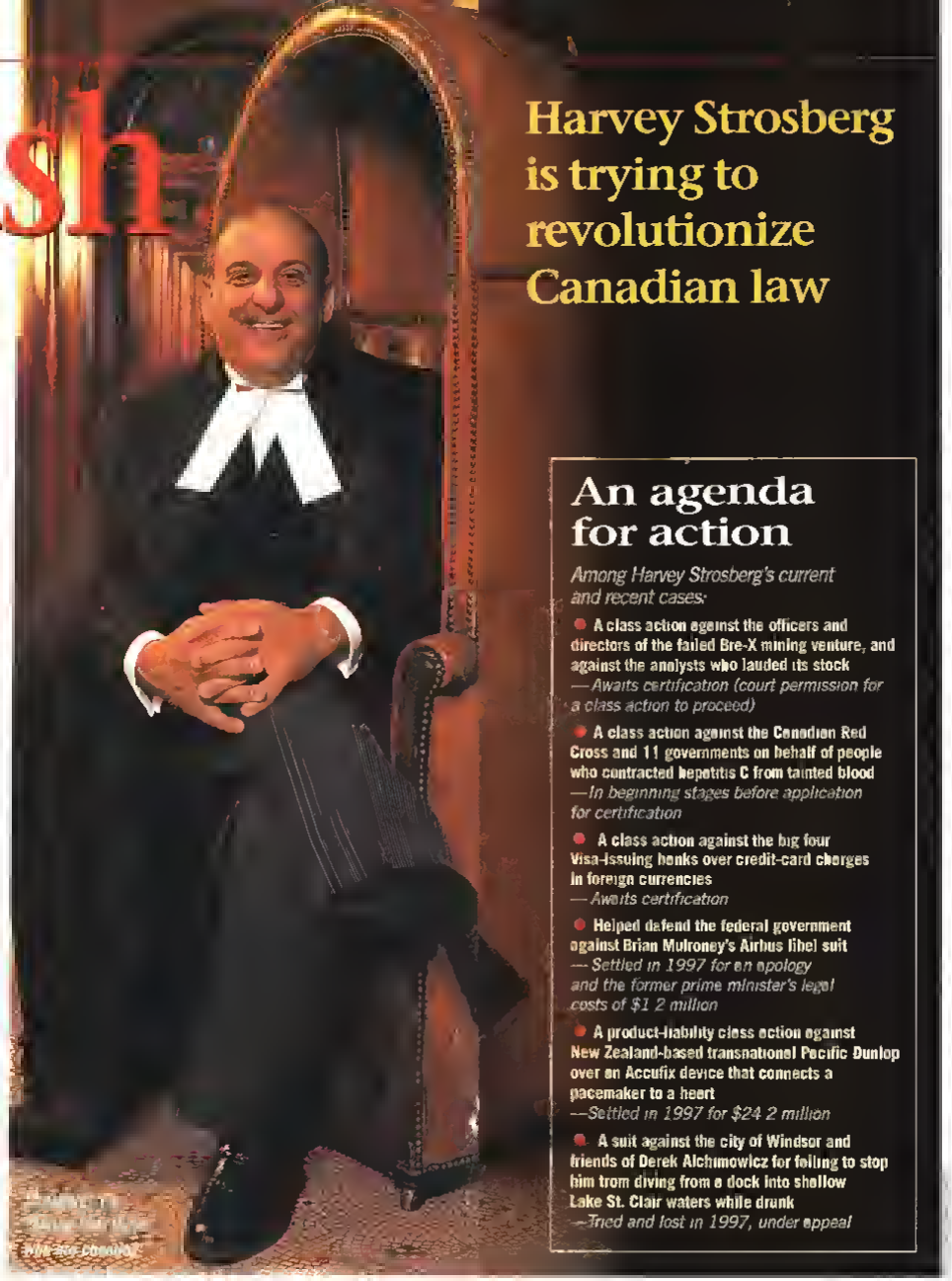
And the incentive to sue grows with every big tort award. A new era began in October, 1988, when 17-year-old John Stein was paralyzed from the neck down after slipping on a patch of thin ice at a municipal arena in LaSalle, Ont., near Windsor. His family sued, won damages of $8.5 million, and saw the award upheld on appeal. In the past 10 years, physicians' payments to patients have quadrupled, but big-money suits aren't just a doctors' problem. A B C court ordered Nike Canada to pay more than $2 million in 1996 after an employee became a quadriplegic in a car crash. A manager had given him eight beers at the end of a shift, and Nike was held liable—even though the man had gone on to spend some hours drinking in a pub before getting behind the wheel. The Metropolitan Toronto Zoo, settling out of court, paid $15 million in 1995 after a six-year-old boy who scaled a perimeter fence lost an arm to wolves.

There are no comprehensive national statistics on civil actions—and some observers suspect the overall number is declining—but injury claims against municipalities seem on the rise, as do professional negligence actions against accountants and even lawyers. "Americans are litigation junkies and it slops over into Canada," explains David Eryou, a Thunder Bay lawyer who has successfully lobbied for increased legislative protection for Ontario municipalities. With lawsuits in many jurisdictions waiting years for a court date, B.C. Supreme Court Judge John Bouck describes litigation as a "trauma" with consequences that are "often personally and economically catastrophic" often "catastrophic" to the losing party. "The civil justice system in Canada . . . is facing a crisis," warned former chief justice Brian Dickson in his capacity as honorary chairman of a Canadian Bar Association task force on the issue. Reporting in August, 1996, the panel called for a less adversarial legal culture in an effort (in one member's words) to "muzzle the pit bull litigator."

No one is saying that Canadian litigiousness has reached U.S. levels. True, the countries share (except in Quebec) the English common-law tradition, and gaps in civil procedure are closing. Three provinces now permit class actions; Canadian judges are more inclined than they were to award punitive damages (an amount, set as punishment, over and above the compensatory damages or actual loss); except in Ontario, Canadian lawyers may now charge "contingency" fees (a percentage of the win). But two big differences remain to discourage spurious lawsuits in Canada: here, a court can award costs against an unsuccessful plaintiff, and jury trials—whose unpredictability can push nervous defendants into settling—are rare in Canadian civil actions. That leaves the law in the hands of judges, and judges insist on hard evidence before assigning a dollar value to injuries. Under rules set by the Supreme Court of Canada, "general" damages for pain and suffering are capped at $100,000 in 1978 dollars. So plaintiffs' lawyers focus on the future *financial* implications of injuries. What will care and nurture cost for the lifetime of a brain-damaged baby or crippled child? Millions, that's what.

Strosberg, for instance, is especially proud of the settlement he won in 1993 for Jordan Dube, left spastic and quadriplegic by an anesthetic overdose during a hernia operation in Windsor at age 3. Strosberg claimed $5 million, citing future lost earnings and the cost of an accessible home and car, medical care, and half a million dollars for a trustee to look after the money. Plus, $10 million in punitive damages. Those, at least, were his bargaining chips; the defendants settled for undisclosed sums. Strosberg says: "I got that kid more money than any kid ever got in Canada."

Opposing counsel Joshua Liswood attributes the scale of the Dube settlement to Strosberg's decision to look beyond the standard malpractice suit against doctors and hospital: pursuing the British manufacturer of the anesthetic vaporizer machine for product liability. Strosberg had asked whether the machine had an overflow drain to prevent overdoses; it didn't. "I don't care if that's the standard of care in the industry," Strosberg says, "if it doesn't make any sense to me." That is partly why the civil system exists, Strosberg argues—to encourage people to take more care. Conversely, it often does the best job of punishing wrongdoers. "In



An agenda for action

Among Harvey Strosberg's current and recent cases:

- **A class action against the officers and directors of the failed Bre-X mining venture, and against the analysts who lauded its stock**
 —Awaits certification (court permission for a class action to proceed)
- **A class action against the Canadian Red Cross and 11 governments on behalf of people who contracted hepatitis C from tainted blood**
 —In beginning stages before application for certification
- **A class action against the big four Visa-issuing banks over credit-card charges in foreign currencies**
 —Awaits certification
- **Helped defend the federal government against Brian Mulroney's Airbus libel suit**
 —Settled in 1997 for an apology and the former prime minister's legal costs of $1.2 million
- **A product-liability class action against New Zealand-based transnational Pacific Dunlop over an Accufix device that connects a pacemaker to a heart**
 —Settled in 1997 for $24.2 million
- **A suit against the city of Windsor and friends of Derek Aichimowicz for failing to stop him from diving from a dock into shallow Lake St. Clair waters while drunk**
 —Tried and lost in 1997, under appeal

a criminal court," Strosberg points out, "a person doesn't have to make a defence, doesn't have to respond, can stand on his or her rights. "In a civil case, the defendant is interrogated in "discovery" and must produce relevant documents. What is more, the action is decided by a simple balance of probabilities—less onerous than the criminal system's need for proof beyond reasonable doubt.

Class actions imported from the United States to Quebec, Ontario and British Columbia so far, offer the civil remedy more widely than ever. Strosberg's pacemaker case offers a classic example. 1,005 claimants shared every cent of the corporate defendant's liability coverage in a case too expensive for any individual to prosecute. "When manufacturers cheat for pennies, it adds up to hundreds of thousands and millions of dollars at the end of the day," says Strosberg. "So that's my career path. I'm coming after those people who are cheating." Asked if he could be called Canada's own King of Torts, Strosberg draws a breath and murmurs: "That's a very flattering description." Says frequent opponent Michael Royce: "Harvey has eaten a number of fine meals in Detroit, and I think he has thereby become imbued with the entrepreneurial spirit of the Detroit bar, which is one of the most aggressive in the world."

The U.S. influence started early, when Strosberg was a tall, tough kid walking to Windsor's Kennedy Collegiate, the skyscrapers he saw across downtown rooftops were in Detroit, where his parents shopped and Harvey and his two sisters partied, every Sunday when there was a home game, Philip Strosberg drove his son across the river to see the Lions play football. Philip, a chemical engineer, worked for a manufacturer in Detroit and owned a small paint business in Windsor. Outside school hours, Harvey devoted himself to sports—his football coach remembers the intense young fullback bulling through the defence—and to his dad's business. "Harvey would round up a group of his friends and send us into the stores to check whether his dad's paint was moving," recalls his school friend Jerry Shen. Payment was neither offered nor asked. "If Harvey said we needed to do this, then we did it."

The homes of Harvey Strosberg tell a tale of steady advancement, from the six-plex rental unit of his early childhood to the tiered, glass-walled house that he and his second wife, Cathy, built in 1990 on upscale Victoria Boulevard. In a third-floor gym, 6:30 a.m. finds Strosberg sweating under the eye of a personal trainer. Each step on the treadmill lands with peculiar emphasis: *thump, thump, thump.*

Ever since articling on Bay Street to a future Supreme Court justice, the late John Sopinka, Strosberg has amassed powerful friends and clients—federal Health Minister Allan Rock, star criminal lawyer Eddie Greenspan, Ontario Appeal Court Judge John Laskin. For hockey giant Orr, he told the media that Eagleson had mismanaged funds, and settled without filing suit. For Ontario judge and former deputy attorney general Mary Hogan, he won a libel apology from *Frank* magazine. But he also represented, without charge, the bereaved family of profoundly handicapped Melissa Gillard at an inquest into 15 deaths at the Christopher Robin Home for Children in Ajax, Ont., in 1991.

There is one writ he regrets. In 1991, Strosberg sued a former client for $100,000 over Detroit Pistons basketball tickets that he said the client had promised him. That brought unwelcome press attention and questions from the law society. "My mistake was suing for money and not just the tickets," Strosberg reflects while accelerating through a red light near Windsor airport. "If you're in the public eye, it isn't enough to be right. You have to understand how the publicity will play."

But why sue at all? "It wasn't the money. The guy broke an agreement with me." Pause. "And there was an emotional component. I'd been separated, going to basketball games was one of the few things I did with the kids. I trusted this guy, and I felt he hadn't dealt with me reasonably."

It was aboard the Dash 8 that Strosberg, reflecting on the day in court, decided to offer to settle Dorothy Edgar's case at $1.6 million. He had originally demanded $2.5 million plus costs for the government's failure to compensate her for blowing the whistle on a customs fraud by the Amway Corp., the government had come back with $300,000. Now, with the trial near its midpoint, seemed a good time to kick-start a new round of bargaining, if Ottawa would play.

Strosberg's essential claim was negligence. Revenue Canada had simply omitted to provide Edgar with her legally required opportunity to be considered for a reward. But the government had sprung a last-minute surprise—a deputy minister would testify that she personally reviewed and rejected Edgar's claim (*after* Strosberg became involved). Strosberg was confident the judge would reject the relevance of the new evidence, but it certainly made the case more complicated. Strosberg would reduce the offer—but only somewhat, because he figured he had scored useful points in cross-examination that day.

Strosberg in "cross" mode is a fearsome sight, shoulders broad under black silk, big right fist clenched on out-thrust hip, eyes unblinking, lips curled inward, questions asked in a voice hard with certainty. That morning, for instance, he had confronted former customs investigator Dwight St. Louis and demanded: "Is this a memorandum signed by you? In your examination for discovery, you told me the 'informant' referred to in this memorandum was Ms. Edgar—do you remember that? Was your answer true? In your examination this morning, you said the informant was *Mr. Engel*—do you remember *that*? Which answer was true? Both? I see—so now, you say, this 'informant' was *both* of them? I see."

The memorandum itself had not been a major point until the moment St. Louis contradicted himself. Right then, Strosberg had found the vital first salvo for "cross." St. Louis, standing tall and affably loose-limbed as Strosberg rose, was hunched, pale and frowning five minutes later. This relationship established, Strosberg leaned over his papers, and began the task of lulling St. Louis into saying what the plaintiff needed him to say. "I don't recall for sure," the witness said again and again for two hours and each time, plaintiff's counsel savored the words without comment. Later, on the Dash 8, Strosberg would sip a glass of water and state, as from the heart, "There's no place I'd rather be than in a courtroom."



In Windsor, class-action suits are 'not for the faint of heart'

Strosberg in cross-examination mode is a fearsome sight, eyes unblinking, lips curled inward

It can be helpful for opposing counsel to *believe* you would rather try a case than settle, but Strosberg's passion for advocacy is unmistakable. As chairman of discipline for the law society in 1993, he halted a complaint against visiting B.C. lawyer Douglas Christie despite finding evidence of "poor judgment" and anti-Semitic remarks during the trial of alleged war criminal Imre Finta. Strosberg wrote that allowances should be made for the "tension, passion and drama" of a jury trial. "Otherwise," he warned, "the risk would be to harness or inhibit counsel precisely when she or he needs most to exhibit fearlessness and independence in the client's best interests."

As an officer, or "bencher," of the law society, Strosberg won acclaim for his management of a $154-million deficit in the lawyers' liability insurance fund in 1994. His reward was election last June to the prestigious post of treasurer, or chairman of the society's board of governors. Since that elevation, he has overseen a decision to end the society's involvement with Ontario's underfunded and, until this year, deficit-plagued legal-aid system. The move proved popular with benchers, who accepted it by a 34 to 3 vote last month.

As Orr's former lawyer, he vacated the chair when the law society discussed and accepted a controversial arrangement with disgraced Queen's Counsel Eagleson in January. Under the deal, the former NHL Players' Association chief accepted disbarment for misconduct after his fraud convictions in Canada and the United States. In return, the society withdrew 44 other complaints of misconduct. "Disbarring him was the ultimate sanction we could impose anyhow," Strosberg said afterward in support of the deal. Now, he wants stronger legal powers for the society to clamp down on dishonest—and incompetent—lawyers. He has already moved to give teeth to so-called equity and diversity rules (covering gender, race, sexual orientation and disabilities) for law firms.

Strosberg plainly enjoys showing a visitor around the society's old-money Osgoode Hall digs, pointing out the portraits of famous former treasurers. "Harvey comes from a different world than he's in now," says litigator Royce. "He's certainly a more driven person than someone who's grown up with a dad who's a lawyer or a bank president. He wants to be a big bloody deal, and he is."

Big enough to get the call from Ontario Attorney General Charles Harnick in mid-February when Mike Harris's government ran into media criticism over its offer of $2,000 a month for life to each of the three surviving Dionne quintuplets. Strosberg says he advised the government that it was under no legal obligation to the Dionnes, but Harris wanted a settlement. On March 3, Strosberg dined with the Dionnes' lawyer, Clayton Ruby, in Toronto. Three days later, they and Harnick announced a lump-sum deal for $4 million, together with a volunteered apology from Harris and a promised inquiry.

It was the second time in two years that Strosberg had come to the aid of a government hungry for settlement in a lawsuit against it. He provided strategic help to the legal "dream team" hired by old buddy Rock, then federal justice minister, to defend against former prime minister Brian Mulroney's Airbus libel suit. On Jan. 7, 1997, Strosberg flew home from Ottawa feeling the "absolute high" of a big case settled for an apology and costs. (Mulroney has since made an additional demand for withdrawal of an RCMP letter to Swiss officials.) But the next day brought news of a different kind of judgment in the case of Derek Alchimowicz, known to all of Windsor as the "drunk diver."

Four years previously, Alchimowicz, a 26-year-old illegal immigrant, had climbed onto the hand railing of a dock off Windsor's Sand Point Beach, dived into water three feet deep and become quadriplegic. Strosberg filed suit on the young Austrian's behalf, citing negligence by the city and by the friends and acquaintances who drove Alchimowicz to the party, supplied him with liquor, took him to a "place of danger," in the writ's words, and watched him make his dive. Popular reaction was incredulous. Letters poured into the Windsor *Star*. Alchimowicz was drunk, he had done a tremendously stupid thing. The lawsuit offended "our most basic beliefs about friendship and loyalty and assuming responsibility for our actions," wrote *Star* columnist Gord Henderson. "It scared us as well by pointing out just how easily we too could become defendants."

Strosberg, in turn, was stunned by the lack of public compassion. "What happened to that kid could have happened to a 10-year-old child from a middle-class family," he pointed out. His witnesses at trial included a former lifeguard who had seen children jumping from that dock and a waterfront-safety expert who considered its enticingly flat railings a clear hazard. "If a round railing costs no more, then why shouldn't we say that the city should act reasonably?" the lawyer asks, his voice dropping a few decibels (as, according to his kids, it always does when he's mad). "We have to recognize in our society that people do get drunk. People do act foolishly."

As for the personal-responsibility argument, Strosberg points out that in Canada, society usually shares responsibility for injuries. Government health plans pay the medical bills and—like all insurers—automatically get reimbursed with a share of damages after any successful lawsuit. Also, it is mostly insurance companies that pay for litigation. "Insurance is a method of spreading risk, of socially dealing with losses," Strosberg says. He also thinks it is time society pressed the responsibilities of designated drivers, and of social hosts who provide liquor. "It's a *wonderful* sociological problem," he says.

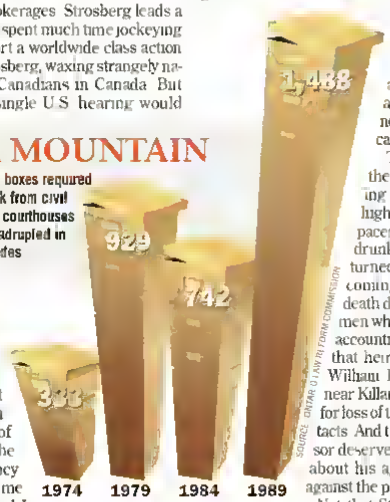
But in Alchimowicz's case, Judge Joseph Quinn ruled the only

negligence was the plaintiff's own. The beach was no more a "place of danger" than an ordinary home with a flight of stairs, and the dock's railing—so alarmingly flat to Strosberg's eyes—was "an obvious indication that this was not a swimming dock." Case dismissed with costs. Strosberg is appealing. His firm has already put up to $500,000 worth of billable hours into the case, and if he loses, he gets nothing. "What am I supposed to do—take my client's wheelchair?" the lawyer chortles. "I'm running the biggest crap game in the country here."

And he seems as addicted as any gambler. Strosberg works seven days a week, and says he enjoys every minute. Cathy Strosberg says family life sometimes "takes a back seat," but his office in downtown Windsor is a kind of home to the lawyer's son, two daughters and two stepchildren, who walk in without knocking, sit in on meetings and leave with or without hello or goodbye. All three of Strosberg's own kids, aged 21 to 27, are pursuing legal careers. "I don't really know why," frowns Sharon, 25. "It was the natural thing to do. I've always been around this office because Dad's always working."

What he is working on nowadays, more than anything else, is class actions, and they are a *lot* of work. Strosberg says the pacemaker case involved $800,000 in out-of-pocket expenses—about 250,000 documents had to be reviewed, indexed and scanned into a computer system. It helped that Strosberg got court approval for a $350,000 private loan—secured against the eventual award—at 20-per-cent interest. "A good lawsuit is probably a better bet than the stock market," says Strosberg. "But class-action litigation is not for the faint of heart or the thin of pocketbook." Which did not deter him from filing three new class actions last year—none a sure thing.

In the case against Bre-X and seven brokerages, Strosberg leads a group of four law firms in Ontario, but has spent much time jockeying with Alberta and B.C. lawyers who support a worldwide class action that has been filed in Texarkana, Tex. Strosberg, waxing strangely nationalistic, says Canadians should sue Canadians in Canada. But Vancouver lawyer David Klein says a single U.S. hearing would simply offer higher rewards for all shareholders. The western lawyers would happily co-operate with the Ontario group, he says, but only as equals. "Mr. Strosberg would prefer more control of the litigation," says Klein.



The second case is on behalf of Visa cardholders who make purchases in foreign currencies, then return the goods for a refund. The four major Visa-issuing banks routinely credit foreign refunds at fractionally less than the original Canadian dollar charge. Strosberg's statements of claim alleged that the banks profit from the spread between "buy" and "sell" currency rates. Recalls litigator Royce: "He told me about this case over dinner one night and I said, 'Harvey, who gives a shit?' He said, 'You're missing the point. *It adds up.*' " But how much? All four banks filed defences denying a currency profit and citing transaction charges instead. So did Strosberg call the whole thing off? No, indeed. "The question I have now is, how can you charge a transaction fee where there has been no transaction?"

The third case is against the Canadian Red Cross and 11 governments over blood transfusions tainted with hepatitis C at a time when blood was being screened effectively in the United States and much of Europe. The federal and provincial governments are seeking agreement on compensation payments recommended by the Krever commission in November. If such payments are offered and accepted by the bulk of victims, Strosberg's hours on that case, too, will be in vain.

But if not, he may enjoy prosecuting something that is slightly less common for him than for many of his peers—*a res ipsa loquitur* claim (one in which the facts seem to speak for themselves), and one that swims squarely in the mainstream of negligence law. It is a stream that rose in 1932, in the famous House of Lords case of Donoghue v. Stephenson, in which Lord Atkins laid down the basic principle of every modern negligence lawsuit, declaring: "You must take reasonable care to avoid acts or omissions which you can reasonably foresee would be likely to injure your neighbor." Ever since, negligence actions have revolved around just two questions. One concerns the meaning of a "reasonable" standard of care. The other was first posed by a lawyer in the Gospels: "And who is my neighbor?"

A day after the tarmac settlement conference, Julie Thorburn called to decline Strosberg's offer to settle at $1.6 million. Two trial days later, Judge Thomas Zuber delivered judgment. Revenue Canada had fulfilled its obligation to Dorothy Edgar when its deputy minister looked into her case; case dismissed. This time, at the judge's suggestion, defence counsel agreed not to press for costs.

Edgar, impecunious and angry, was in tears as she faced reporters, but her lawyer, ever the craps-game man, said: "You win some, you lose some." Gambled and lost were Strosberg's expenses and time, and the government's $300,000 offer. Right away, he rolled the dice again, announcing an appeal. "I love this little case," he says, because the principle that Edgar should be rewarded in proportion to the value of her services—a principle explicitly rejected by Zuber—is "virgin territory, a wonderful point of law."

Most plaintiffs' lawyers prefer cases where the territory is not virgin—where the issue is not *whether* money will change hands, but how much. Sidewalk "slip-and-falls," for instance, are good business (because the insurers of the person who didn't clear his ice will almost certainly pay up), but they are small business (because the injuries and therefore the damages tend to be minor). Bigger cases are usually more complicated, and are defended more vigorously.

Those are the ones Strosberg likes best—the "interesting" cases he calls them. Reaching for new heights and new precedents, the high-stakes tort man wins some (big time: the pacemaker case), and loses some (big time: the drunk diver, on whose behalf Strnsberg says he turned down "a lot—a *lot*—of money"). In the coming months, he will argue that wrongful death damages are due from two Brampton, Ont., men who were *acquitted* of the robbery-murder of accounting manager Robert Lord last June. And that heirs to Windsor tool-and-die entrepreneur William Bolton, killed in a private-airplane crash near Killarney, Ont., in 1994, deserve compensation for loss of the dead man's business guidance and contacts. And that the owner of Last Harry's bar in Windsor deserves compensation from a teenager who lied about his age, leading to liquor-licensing charges against the plaintiff.

Not that Strosberg will concede even one of those cases to be a reach. In his view, they merely apply established legal principles to new circumstances. Such novel cases—to the last "wonderful point of law"—might be a lot easier to win, or to settle profitably, if they were fought on the other side of the Detroit River. But Strosberg works in Canada, where almost all tort actions are still decided by judges, not juries. Canada, where most judges remain cautious about imposing new legal duties on social hosts, designated drivers, dock designers, tax collectors, doctors, accountants or big business. Canada, where, as a result, insurers don't cave so often.

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People

Edited by TANYA DAVIES



Von Zadora-Gerlof; octopus pin (below); gems for the super rich

The baron of bijoux



Carving Haida art in the Queen Charlotte Islands seems a universe away from sculpting gems for the international elite. But Baron **Andreas von Zadora-Gerlof** embodies both worlds. When his aristocratic parents fled war-torn Estonia in 1944, they settled in White Rock, B.C., where Andreas was born. The family moved to the Queen Charlottes when the boy was 6. In his teens, after two hunting accidents left his dominant right hand partially paralyzed, Andreas started engraving Haida totemic designs as physical therapy. His father sent him to a military school in the hope of stifling his artistic ambition, but the boy still wanted to carve. After graduation, he travelled to Germany to perfect his skills. Uncomfortable with the idea of making Haida designs for commercial gain, he chose the toughest material to carve: gemstones.

18-karat gold chameleon pin with ruby eyes: sculpting for the elite



Now, two decades later, von Zadora-Gerlof is widely considered one of the world's foremost gemstone sculptors. The 40-year-old artist's New York City company, Zadora, employs 106 artisans and produces gem-encrusted jewelry and sculpture that sell for millions of dollars. Zadora's clients include actor Dudley Moore, European royalty and the Bronfman family. Most of his customers discover him through word of mouth. "A client will send their plane for me," says von Zadora-Gerlof, who makes 85 per cent of his pieces as commissions. "And I will go see them." He works with gemstones such as aquamarine, tourmaline and citrine, combined with either gold or platinum.

His most impressive work to date is the *Four Seasons Clock*, commissioned by Mexican industrialist Paul Deutz and worth an estimated $17 million. "Paul asked for the most complicated clock, to be made with an environmental theme," says von Zadora-Gerlof, who was given an unlimited budget for the project. The focal point is four gem-studded enamel eggs representing each season. They open in succession to the music of Vivaldi's *Four Seasons*, displaying miniature ruby and aquamarine animals that move.

Married to **Monica**, his business partner, with whom he has an eight-year-old daughter, **Alexandra**, von Zadora-Gerlof divides his time between homes in Seattle, New York and Victoria. But he still longs for the Queen Charlottes, which he tries to visit once a year. "They are the most perfect place to live," says the sculptor, adding that business concerns keep him from going back. "The air is so clean, and all my Indian friends are so unaffected." So, it would seem, is von Zadora-Gerlof, who says he rarely uses his title, which he inherited at birth. "It has opened some doors for me. I won't deny it. But as a true Canadian, it means nothing to me."

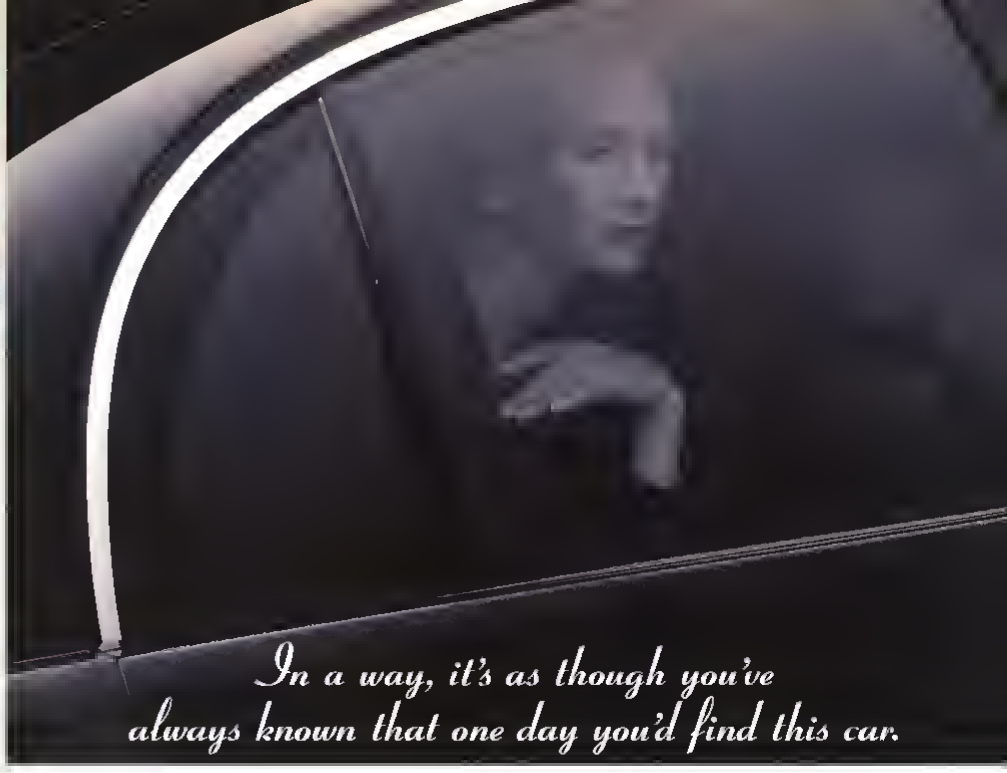


Redgrave: playing a pro-Nazi

White power in shades of grey

Lynn Redgrave has appeared in more than 30 plays, countless television series and dozens of films. Among all those productions, she says, **Dennis Foon**'s script for the CBC movie *White Lies* is one of "the most stunning and also upsetting" she has ever worked with. Airing on March 29, the film explores the world of neo-Nazism and how a bright middle-class Canadian girl—portrayed by **Sarah Polley**, star of Atom Egoyan's *The Sweet Hereafter*—gets involved with a white supremacist group through the Internet. "It is a very powerful story because there are no easy villains in it, like [in] more traditional television," says 55-year-old Redgrave, whose character, Inga Kolneder, is the founder of the racist group. "It is easy to understand how young people get caught up in this, not knowing how dangerous it is."

Part of the Redgrave acting dynasty along with her father, the late **Sir Michael Redgrave**, and her sister, **Vanessa**, Lynn Redgrave returned to prominence playing the pianist's wife in the feel-good 1996 box-office hit *Shine*. She has only compliments for the CBC. "It is very bold of them to do this film," says the Los Angeles-based actress, explaining that it shows the humanity of the white supremacists as well as their violent side. "You wouldn't find a U.S. network doing this, they would chicken out." As for her *White Lies* co-stars Polley and **Tanya Allen**, who portrays a recruiter for the neo-Nazi group, Redgrave adds: "I adore them. They were simply brilliant."



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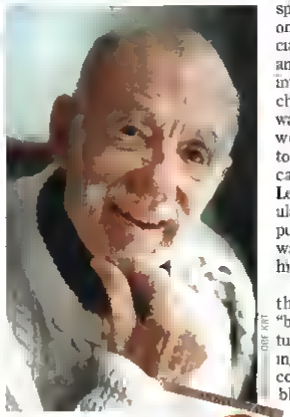
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WHAT MATTERS TO CANADIANS

Power to the child

Dr. Spock liberated babies, and their parents

In the 1940s, child-rearing was done, literally by the book. Janet Berton vividly remembers the one she used—*Canadian Mother and Child*, a brochure from the federal health department that her doctor gave her when her first child, Penny, was born in 1948. "It had wonderful pictures of old, old, old-fashioned babies and nurses in black and white," says Berton who with her husband, author Pierre Berton, raised a family of eight children. "But it was pretty authoritarian. You had to do exactly what it said." Berton says she tried to follow the rules for feeding an infant on a strict timetable, every four hours, and soon wound up "in a panic" because the baby did not seem to be getting enough milk. When a friend gave her Dr. Benjamin Spock's *The Common Sense Book of Baby and Child Care*, Berton thumbed through the newly published, 25-cent paperback and was relieved to find that it was all right to feed her baby when she was hungry. "Dr. Spock turned out to be very encouraging, saying go ahead with your instincts and don't worry, babies are resilient," says Berton. "We would study his book every day, wearing it out.' And so did millions of other parents around the world. Last week, Spock, the American pediatrician and peace activist who revolutionized child care, died at his home in San Diego, at the age of 94. He had seen *Baby and Child Care* become one of the most popular books in history—selling more than 50 million copies in more than 40 languages.





Spock and his best-seller: the first to say babies were people, too

"Trust yourself," Spock told parents in the book's famed opening lines. "You know more than you think you do." That may be conventional wisdom today but it was a radical, cradle-rocking message in the '40s an era of rigid feeding schedules and strict rules of behavior—doctors told mothers to tie an infant's hands to the crib to prevent thumb-sucking and warned them not to spoil children with hugs and kisses. "Spock gave people more leeway than they had in the past, not just in ordinary care-giving and feeding, but also in how children were brought up," says Dr. Richard Goldbloom, a professor of pediatrics at Dalhousie University in Halifax. "It was very liberating."

The encyclopedic medical guide helped parents distinguish between a minor rash and the measles, projectile vomiting and spitting up. But Spock, one of the first pediatricians trained in psychoanalysis, also ventured into the new territory of child psychology. "He was the first to say babies were human beings, too," says British child care expert Penelope Leach, author of the popular *Baby and Child*, first published in 1977. "That was very much before his time."

But in the '60s, when the first generation "brought up on Spock" turned into draft-dodging free-loving hippies, conservatives began to blame the celebrated baby doctor. In a widely publicized sermon, the influential author Norman Vincent Peale linked the youth rebellion to what he called Spock's popular "instant gratification, don't let them cry" approach to child raising. But Spock, a vocal opponent of nuclear weapons and the Vietnam War, sympathized with and often joined students in protest marches, wearing his trademark three-piece suits. Spock's activism led to several arrests, but he avoided imprisonment. In 1972, he ran for president as a candidate of the Peoples Party on a socialist platform and won 75,000 votes. For Spock, politics at the time of the U.S. involvement in Vietnam was just another form of pediatrics. "What is the use of physicians like myself trying to help parents to bring up children healthy and happy, to have them killed in such numbers for a cause that is ignoble?" he once asked.

The pediatrician denounced as the father of permissiveness described his own upbringing as "strict but loving." Born in New Haven, Conn., in 1903, Spock was the oldest of six children of a wealthy, conservative family. He attended his home-town college, Yale, where he was a member of the rowing team that won a gold medal at the 1924 Olympics. He earned a medical degree at New York City's Columbia University before studying at the New York Psychoanalytic Institute. Spock produced *Baby and Child Care*—the first of about a dozen books he wrote or co-wrote—in the evenings, during a stint with the U.S. Naval Reserve Medical Corps from 1944 to 1946. In later years, he readily admitted his own failings as a parent to his two sons, Michael, now 65 and a museum director in Illinois, and John, 54, who owns a California based construction company. "I never kissed them," Spock revealed in 1976. "Now when I see my sons, I throw my arms around them." When Spock had divorced their mother, Jane Cheney, a year earlier, after 48 years of marriage, both sons took their mother's family name. "They berated me for not having shown them more physical affection in their childhood and for being rigid," he admitted in an interview. "That's part of the thoughtlessness of a person who is preoccupied with work."

Spock practised the flexibility he preached to parents. In each new edition—the seventh will appear in May—he responded to feminists who denounced him as "one of the great oppressors of women" and carefully scrutinized *Baby and Child Care* to remove the gender stereotyping of the original. It had advised fathers to "compliment their daughter on her dress, her hairdo and on the cookies she's made," and consistently referred to children as "he" or "him." The amended editions also included advice for single parents and stepparents—issues he had encountered personally after he married his much younger second wife, Mary Morgan, a former conference planner, in 1976.

In his later years, Spock also emphasized the need for parents to deal firmly with their children and to set standards of behavior—points he insisted he had made clear from the beginning. But he could never shake the "permissive" label—an unfair one, according to Spock, who argued that critics had misinterpreted his book. "I've never thought parents shouldn't lead or discipline their children," he said. And although Spock remains popular—fans like Berton recommend his "bible on baby care" when their children become parents—nursery shelves are now lined with more contemporary child care books. But they all share the philosophy that will likely prove to be Spock's most lasting legacy: "Respect children because they're human beings and they deserve respect, and they'll grow up to be better people."

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Ann Dowsett Johnston

Measures of excellence

It was late in the evening and Mike Harris was heading purposefully through a crowded party, anxious to put an end to a long, fractious day. And who could blame him? Nine hours earlier, as the premier arrived to deliver the lunch-hour address at "Ensuring Excellence," a high-profile summit on the future of Ontario universities, police were dragging student protesters down the escalators of Toronto's Metro Convention Centre. Whisked through a back door, Harris had avoided a second barrage of students, and, despite some noisy competition, delivered a confident speech to a blue-chip crowd of university presidents, bank executives and corporate power brokers. The reception was polite, but Harris could not avoid the jackhammering evidence. Why, in the past two years, had Ontario held the record for the highest percentage cuts to postsecondary education in any jurisdiction in North America? Why was Ontario's per-capita funding for higher education ranked lowest in the country? Why had British Columbia, Alberta and Quebec improved their share of federal research dollars, while Ontario had slipped from its place of glory? University of Toronto president Robert Prichard—nicknamed "the velvet steamroller"—was blunt. After welcoming Harris's "emphasis on excellence," he announced: "We face threats—to our capacity to serve the province, and to serve our students—which are unprecedented in the past 20 years."

Hours later, Harris was trying to exit a gala dinner at Prichard's home, an event to celebrate a $6.4-million gift from Barrick Gold chairman Peter Munk to the university. The evening's many speeches were punctuated only by the tinkle of glasses and the muffled chanting of yet another shift of protesters standing outside in the late November snow. Harris was on his way out when he stopped, just short of the front door, to reiterate a point. "You know," the premier told me with an earnest smile, "there really isn't any connection between operating budget and excellence. Measuring the operating budget doesn't tell you anything." And with a confident nod, he left.

Well, Mr. Premier, others beg to differ. Since 1993, core funding to Canadian postsecondary institutions has plummeted by 34 per cent. No university, in Ontario or anywhere else, can shrink to greatness. Cut the operating budget, and something's got to give. Take a look at the most significant changes between the 1995 *Maclean's* rankings of universities and those published last November across Canada: the number of full-time faculty dropped by six per cent, and so did the number of first- and second-year classes. It should come as no surprise that 56 per cent of the schools reported that access to tenured faculty was down for first-year students. And all the while, students were shouldering an average rise of 42 per cent in tuition costs. "The learning experience that involves student-faculty interaction that encourages critical thinking is now in jeopardy," says Ken Snowdon, director of resources planning at Queen's University in Kingston, Ont. "We need more bodies—that's what the extra dollars buy."

Buying bodies—meaning bright new faculty—while maintaining student access is what much of this battle for funds is about. Two weeks ago, British Columbia announced a $26-million increase to postsecondary funding—making it the only province to boost funding *and* freeze tuition. One of its provisos: the universities must add 900 new student spaces. "This is a very positive precedent," says UBC president Martha Piper. "For two years running, we've taken more students with the same resources."

Now, critical eyes are on Ontario, home to 40 per cent of all scholarly and research activity in the country. Last month, John Roth, president and CEO of Nortel—Canada's fastest-growing employer—threw his considerable weight into the ring. "Why care about Ontario?" asks Roth. "Because you can't get Canada right if you don't get Ontario right." Anticipating Harris's spring budget, he presented a white paper on the urgent need for graduates in the high-tech sector. Nortel currently recruits one out of every four Canadians graduating with a degree in computer science or electrical engineering, and plans 5,000 new hires in the next four years in the Ottawa region alone. "There are lots of well-paying jobs going vacant in Canada," says Roth. "Students are applying in huge numbers to take these courses, yet almost three out of every four are turned away. This is a brain drain in the making."

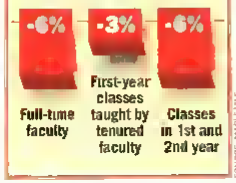
Waterloo president James Downey confirms that competition is tough, especially in key computer and electrical engineering departments. "We could double our numbers, and still not dilute the quality of our graduates," says Downey. "But because of the funding situation, we have not been able to respond effectively to the demand." Meanwhile, a disconcerting proportion of graduates from those programs are heading south of the border. With the information technology sector booming, Americans are now recruiting in Canada with a vengeance. One significant reason between 1986 and 1996: U.S. enrolment in computer science programs dropped by 39 per cent. "At Waterloo," says Downey, "more than a quarter of our grads in those fields are leaving the country."

Although there is no doubt that the whole system is hurting, leveraging the industrial technology argument may be the most successful way to Harris's heart. "And right now," said one president, "you *have* to work with those who fund you because there are many others willing to cha-cha with them." Earlier this month, academic leaders gave Ontario Finance Minister Ernie Eves a geography lesson in the form of a sweatshirt. Emblazoned on the front was a map of Canada, showing percentage changes to postsecondary funding in each province over the past two years. Ontario had chopped the most—15.3 per cent—followed by Quebec at 12.9 per cent. Bear in mind that in those same years, funding in the United States rose an average of 11.5 per cent.

Perhaps it's only a coincidence, but consider the following. In 1995, when *Maclean's* did its annual survey of more than 3,400 guidance counsellors, academics and CEOs across the country, asking them to choose which universities would be the leaders of tomorrow, nine of their top 15 picks were from Ontario. Last year, that number had dropped to six. Mr. Premier, are you listening?

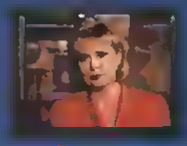
THE MESSAGE IN THE RANKINGS

All figures represent percentage change between 1995 and 1997



SOURCE: MACLEAN'S

Maclean's gives you six reasons to watch television.



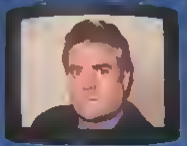
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Pressure points

Walkouts reveal strains in Canada's health care

After 18 years as a rural physician in Fraser Lake, B C , 900 km north of Vancouver, Alan Gow considered moving last year to a less isolated practice in southern British Columbia. First, he advertised in medical publications to find a new doctor for Fraser Lake and the surrounding area, where he and a colleague serve about 5,000 people. The ads ran for three months without eliciting a single reply—no doubt, says Gow, because of the arduous schedules faced by rural doctors. Besides putting in a full work week at Fraser Lake's medical centre, he and his colleague are each on emergency call two nights a week, and from Friday evening to Monday morning on alternate weekends. Maintaining that rates of pay for on-call services are too low, Gow and 22 other physicians in British Columbia's central interior have stopped carrying out normal hospital duties and refused most emergency calls since late January. About two-dozen rural physicians from other parts of the province subsequently joined the protest as they haggled with the province for a better deal. But last week, the talks collapsed amid recriminations on both sides. Gow suspects Premier Glen Clark's NDP government of having a hidden agenda—"ultimately, they want to have physicians on salary, instead of the present system in which we're rewarded for what we do."



PHOTO (C) JOE MACLEAN'S

Strikers at Edmonton General: campaigns to restore funding

It was a week in which stresses and strains in Canada's medicare system seemed to pop up everywhere as groups of doctors protested a continuing government squeeze on medical funding and on their incomes. While British Columbia's rural doctors continued their partial withdrawal of services, thousands of physicians in other parts of the province staged their second one-day work stoppage in two weeks to back demands for increased medicare funding. In Alberta, doctors threatened "forceful action" if Premier Ralph Klein's Conservative government does not pump new funds into health services, while in Montreal, 65 surgeons at the city's Sacre Coeur hospital mounted a two-day strike to back demands that the province reopen 140 recently shut down hospital beds.

There were more problems. In Edmonton, thousands of cleaners, laboratory technicians and other support workers walked off the job at seven hospitals in a short-lived strike called to back demands for higher pay and improved job security. The stoppage ended later the same day when negotiators for the two sides reached a tentative agreement. On top of everything else, a scarcity of anesthetists in some places—including Calgary, Toronto, Montreal and Halifax—forced hospitals to close operating rooms. Dr. John Cowan, Ottawa-based president of the Canadian Anesthetists' Society, blamed the shortage on several factors, including provincial funding cuts that reduced the number of training positions in hospitals. "Governments don't seem to be concerned," said Cowan, "because they see it as a way of saving money."

The one-day protest by B C. physicians, who withdrew all but essential services, forced hospitals to postpone hundreds of operations. With another withdrawal of services scheduled for March 31, the rhetoric increased as the government and the 7,000-member B C. Medical Association exchanged verbal barbs. The provincial funding squeeze and resulting delays for surgery have begun to kill people, claimed association president Dr. Granger Avery. He said he knew of three cases of patients who died while waiting for operations, but could not give details because of patient confidentiality.

The doctors say that even though Health Minister Penny Priddy announced an increase of $228 million to the overall health budget, a cumulative funding shortfall that has built up since 1996 is crippling health services. The system, declared Avery, "is in a shambles because of the organized rationing of health care." In her response, Priddy accused the doctors of creating the problem, taking too much money out of the system by performing more costly procedures to inflate their incomes.

In Alberta, the province's 5,200 member medical association placed advertisements in 10 daily newspapers threatening unspecified action if the Klein government did not meet its demands, which include eliminating a five-per-cent fee reduction imposed five years ago and higher funding levels for health care. An association spokesman said doctors were considering various ways of pressuring the government, including rotating office closures and the possibility of direct billing some patients for doctors' fees.

For Gow in Fraser Lake, the main worry is not the B.C. government's threat to hire temporary replacements as he and his colleagues continue their campaign. What he fears is a government agenda to "gain greater control over physicians' incomes, and over the whole health-care system." It is a concern shared by many Canadian doctors as they fight governments over money and power—a quarrel in which patients stand to be the biggest losers.

MARK NICHOLS

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Brian D. Johnson

The presidential hustle

PRIMARY COLORS
Directed by Mike Nichols

It is impossible to watch this picture with an unjaundiced eye. Even those who have not read the book may already feel they have seen the movie—on CNN or *Hard Copy*. Hitting theatres in the wake of the Monica Lewinsky scandal, and the same week that U.S. President Bill Clinton had to bat down yet another charge of sexual mischief, *Primary Colors* has arrived freighted with more expectations than any movie since ... well, since *Titanic*.

Understandably, the film-makers have worried about their work being upstaged by events. Closely based on the best-selling roman a clef by Anonymous (later revealed to be former *Newsweek* journalist Joe Klein), the movie charts the scandal-wracked campaign of a Clintonesque candidate fighting to survive the Democratic primary elections, a phase that now seems almost adolescent in light of Clinton's coming of age in the White House. But somehow *Primary Colors* still seems fresh and important. It is one of those movies that has to be seen—not just for the giddy farce or the pleasure of identifying the real-life faces in the fictional mosaic or even the kick of seeing John Travolta do such a naughty impersonation of Clinton.

Primary Colors has bigger ambitions. Unlike its darker, less compromising cousin, *Wag the Dog*, it is not content to be simply satire. When push comes to shove, tragedy overtakes farce with unexpected force, blindsiding the emotions. We end up caring about these political lives more than we care to admit. And in the final analysis, the movie embraces moral ambiguity with a poignantly tortured liberalism. Coloring Jack Stanton, the Clinton character, with equal parts warmth and venality, *Primary Colors* stops short of judging him. Instead it holds him up as a shining example of both frailty and resilience, leaving the verdict to the audience.

There have been suggestions that, to spare Clinton, Travolta somehow conspired with director Mike Nichols and screenwriter Elaine May to subdue the novel's sting. And the film's characters *do* seem more warm-blooded—especially Susan Stanton, Emma Thompson's generous improvement on Hillary Rodham Clinton. But that is partly because they are played by such likable stars. The script is, in fact, remarkably faithful to the book, with large chunks of dialogue and speeches reproduced word for word.

The story unfolds through the eyes of a black campaign organizer named Henry Burton, played with delicate intelligence by British newcomer Adrian Lester. A disenchanted idealist, and grandson of a legendary civil rights leader, Henry is trying to make his own mark on history. (*Primary Colors* refers to pigment as well as politics.) He encounters Stanton, an unknown southern governor, in Harlem, and is bowled over by his dynamism. Reluctantly, Henry agrees to run his campaign, which is soon rocked by two sex scandals—one linking the governor with his wife's hairdresser (a floozie in the Gennifer Flowers mould), and another involving a black teenager who claims to be pregnant with Stanton's child.

Travolta is a treat as the doughnut-inhaling politician. The actor has nailed Clinton's style—not just the Arkansas drawl, but that emotional catch in the throat that he seems able to summon at will. Thompson, meanwhile, is coolly brilliant as the pragmatic visionary fighting an uphill battle to keep her husband's eye on the ball. And a colorful supporting cast keeps the comedy rolling along with the momentum of a campaign bus. Billy Bob Thornton plays a snaky redneck strategist clearly modelled on James Carville. Larry Hagman (*Dallas*) portrays a nervous Florida governor who becomes a last-minute candidate. And Kathy Bates steals the movie in the flamboyant role of a lesbian troubleshooter with an inflamed conscience. A gallery of media vultures show up in cameo roles—including Larry King, Bill Maher and Geraldo.



Travolta and Thompson skipping between broad comedy and nuanced wit

Nichols directs with insouciant charm, skipping between broad physical comedy and nuanced wit while letting the drama sneak up the middle. With a canon that includes *The Graduate*, *Who's Afraid of Virginia Woolf*, *Silkwood* and *The Bird Cage*, Nichols is the John Updike of American film-makers, capturing contemporary mores with a casual grace as he drags a net through the culture, letting Big Issues swim into focus.

In *Primary Colors*, nothing is black or white. The film suggests that what makes Stanton, or Clinton, so appealing is what makes him so fallible—his needy, and indiscriminate, desire to be loved by one and all. Without necessarily approving of him, the movie takes on his seductive identity. It progresses like a political campaign: oozing charm, trying hard to please all the people all the time. And Nichols softens the ending with a cozy epilogue absent from the novel—a scene of faux romance showing Stanton as president, dancing with his wife at the inaugural ball while Henry, the handler, looks on, his smiling face finally free of ambivalence. It is an ostensibly happy ending, a Kodak moment, but it is undercut by a chilling irony—that, for better or worse, this is as good as it gets.

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Morrison: a nonwhite patriarchy and a group of misfit women

MACLEAN'S

Trouble in Utopia

PARADISE
By Toni Morrison
(Knopf, 318 pages, $32.95)

Few images better symbolize America to the world than men with guns. Men taking the law into their own hands. Men saving the world with a Winchester or a Saturday-night special. From the shootouts of early Hollywood westerns to the bloody fire storms of *L.A. Confidential*, all-American guys have long balanced the scales of justice by filling the pans with hot lead. It has become a kind of archetype, but also a cliché. So when an important U.S. writer like Nobel Prize-winner Toni Morrison opens her latest novel, *Paradise*, with a scene in which a bunch of heavily armed men are bent on vengeance, it seems appropriate to ask whether she has succumbed to the national obsession with violent solutions. The answer is both yes and no. As her book soon makes clear, this is no ordinary shootout. For one thing, all the would-be killers are black. And all their intended victims are unarmed women.

The 67-year-old author of *The Bluest Eye* (1970) and *Beloved* (1987) has spent her much-honored career asking what it means to be black in America. In the ambitious, richly layered *Paradise*, she has found a new way to pose the question. The book takes its inspiration from a number of all-black towns founded by ex-slaves in the American West in the decades after the Civil War. Morrison's fictitious hamlet of Ruby, Okla. (population 360), is not only all-black, but it is also a patriarchy controlled by a handful of well-off men obsessed with keeping it racially pure and morally upright. When, in the 1970s, their little paradise seems to be unravelling (teenagers running wild, random acts of violence, people disappearing), they blame the mysterious women at a rural house called the Convent. The women are innocent, but they are also pretty strange—a collection of misfits who nurse their psychic wounds in home-made rites invented by a gifted Indian called Consolata. It doesn't take much for the fervent imaginations of Ruby's straitlaced town fathers to make witches of the lot.

A literary star probes the meaning of blackness

It all sounds like something out of Stephen King, but Morrison turns this rather gothic scenario into an exciting line of inquiry. By positing the existence of an all-black society, Morrison is helping free her readers from the moral confusion that has come from years of viewing black culture primarily in terms of the ills that the dominant white society has inflicted on it. Of course such ills are real, and must not be ignored. But too often, they have been used as a way for both liberal whites and many blacks to create a simplified moral ground on which blacks become merely wronged victims. In *Paradise*, on the other hand, blacks are shown in all their humanity, capable of evil as well as good. In Morrison's hands, this broader perspective becomes an ennobling thing, and a profound reminder that no society can achieve maturity without facing up to the full range of its moral choices.

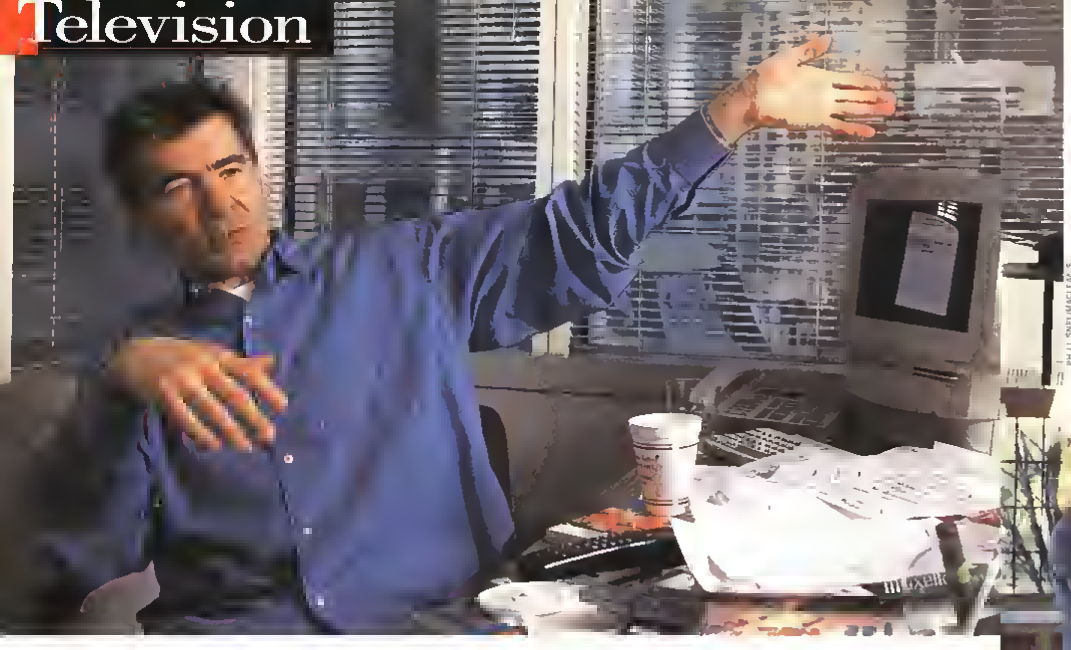
This view has long permeated the author's work, but in *Paradise* it achieves extraordinary complexity, because Morrison explores the conflict of good and evil across an entire social spectrum. One of the town's patriarchs, Deacon Morgan, is typical. He is both hidebound with pride and a tender husband, both blinded by hatred and capable of remorse. Even the women in the Convent, who come to stand for feminine powers of tolerance and regeneration, are afflicted with all kinds of pettiness and ignorance. In the end, none of Morrison's characters are limited by a few defining characteristics; they possess something of the mystery and spontaneous freedom of real human beings.

The book has an extraordinary range. At one extreme is the black comedy of Mavis's life. An inhabitant of the Convent, Mavis is poor white and tortured by the memory of how she accidentally smothered her own twins by leaving them in a hot car. Her subsequent cross-country flight in a stolen mint-green Cadillac is embroidered with a droll humor reminiscent of Flannery O'Connor. At the other end of the spectrum, the novel can rise to haunting lyrical depictions of old-style river baptisms and regal, poetic prose evoking the town's heroic past.

Yet *Paradise* has its flaws. Although lit by Morrison's coruscating intelligence, and powered by her tireless narratives (stories are hidden within stories with Russian-doll cunning), the book's tendency to skip rapidly between its many characters undermines its emotional impact. By comparison, Morrison's masterpiece, *Beloved*, is a much more deeply felt work. As well, there is a certain schematic quality to parts of the book—a rather bald-faced parodying of patriarchy (and corresponding celebration of the feminine) that sounds as if it had been picked up all too recently in the intellectual circles Morrison, a literature professor, inhabits at Princeton.

The slaughter of innocents that both begins and ends the novel (everything in between is flashback) remains problematic. Morrison's attempts to de-sensationalize the blood bath—to rescue it from the stylized glamor of the Hollywood cliché—is not entirely successful. Much more convincing are her depictions of the more ordinary events of life in Ruby, a town tragically obsessed with creating indestructible safety and contentment. Or, as Morrison so aptly puts it: "How exquisitely human was the wish for permanent happiness and how thin human imagination became trying to achieve it."

JOHN BEMROSE



PHILIP BRUNELLE/CBC

Finkleman unbound

The TV maverick's new satire delivers a strong punch

BY JOE CHIDLEY

Ken Finkleman is on. His arms wave in the air, his face contorts in thought, his words tumble out in machine-gun staccato rat-a-tat-tat. The subject is TV news—a favorite—and Finkleman doesn't sermonize so much as strafe. "A plane goes down, 350 people are killed, and the TV cameras go out and shoot the family members crying. I don't think they should do that, because it is implicit in the fact—350 people killed—that there's going to be family members crying." Finkleman pauses, not to gather breath, but for effect. "Now, I guarantee you somewhere at that airport there's a wife, and her husband was on that plane, and he was on a business trip, and he took his secretary with him, and he was f—ing her, and the wife knew. And now, the wife's standing at the airport and she's saying, 'Serves that c—sucker *right*.'" Another pause, and Finkleman's steely eyes glare out across his desk, searching for a reaction. "They don't show that story, do they? When was the last time you saw a story about a plane crash and somebody said, 'Good!'"

Leave it to Ken Finkleman—and perhaps only Ken Finkleman—to come up with a statement so outrageous, so potentially offensive and, at the same time, so perceptive. It was, after all, that combination that made *The Newsroom*, which skewered TV journalism with its depictions of simpering-idiot newsreaders and amoral executives, such a hit last year. The CBC series—created, co-written and starring Finkleman as the muffin-obsessed producer George Findlay—was hailed as that most un-Canadian of achievements: a genuinely funny sitcom. It transformed the practically unknown native Winnipegger, now 52, into a Canadian celebrity ("That's an oxymoron," Finkleman points out). *The Newsroom* won five awards at this month's Geminis. And it helped make his new series—a four-part satire debuting on March 30—perhaps the most anticipated event on CBC this season.

But with *More Tears*, a dark, disturbing and sometimes off-putting satire that is either sheer genius or complete madness, Finkleman might well have pushed the satiric envelope too far for TV audiences to accept. And he knows it. "I think people will watch the first show, only because of the publicity," he tells *Maclean's* during a two-hour interview in his modest office, tucked into the labyrinthine CBC Broadcast Centre in downtown Toronto. "After the third one, they'll all just be scratching their heads. And then I think all that'll be left will be some kind of hard-core audience of about 150." The funny thing is, that seems to suit Finkleman just fine.

For months, his next project has been the buzz of Toronto media circles: what will it be? will it be as good? Meanwhile, the actor-director was adamant that *The Newsroom* was history. "Who would want to do that any more?" he asks. "It was over. It was drudgery." And Finkleman clearly had enough of the situation-comedy routine. During the 1980s, he slugged it out in Los Angeles writing sitcoms and developing TV concepts (as well as directing a few B-grade movies, like *Airplane 2*) that rarely saw the blue light of broadcast. "If you're working for the Americans, you're interested in making the deal," he says. "The deal is the orgasm—the production is like trying to get the woman out of your apartment."

So, he came up with something different—very different. While *The Newsroom* was focused on character, *More Tears* is a highly political and at times didactic satire. The sole holdover from *The Newsroom* is George Findlay, who (as Finkleman describes him) is "this completely disconnected, completely f—ed-up character." He is unable to commit to his wife (Arsinée Khanjian) or either of his lovers (Larissa Laskin and Lou Thornton), and he goes through the motions as a news producer, chasing stories with all the passion and principle of an arms dealer. The moral centre is provided by George's lunch-buddy Shaffik (Hrant Alianak), a horny intellectual who spins off into harangues about right-wing politicians, media bias and the culture of consumerism.

Kind of like Finkleman himself, who in conversation takes the word "tangential" to new heights. He declines to talk about his personal life (he lives in Toronto with Marion Cohen and their two preteen children), he prefers to talk about ideas. And the Big Idea he has now—the central theme of *More Tears*—is the way the media impose digestible narratives on events. "Hollywood says there are only five or six story lines the audience can understand, and the media use these stories to impose these narratives," Finkleman declares. "If people keep hearing these stories over and over again, they become disconnected with reality."

If asked, he provides plenty of examples of how the process works—pointing, for instance, to CTV News co-anchor Sandie Rinaldo ("That look of compassion she shows on a tragic story—that's a narrative"), to CBC *National Magazine* host Hana Gartner ("She *feels*") and especially to the media canonization of Diana, Princess of Wales, since her death last year. "I mean, she went out with Dodi Al Fayed," he says, "and she married Prince Charles, so how great could she have been?"

The modern malaise, to Finkleman, is defined by the triumph of feeling over truth. It is, he says, the technique Hitler used to sell Nazism to Germany, and the approach that Reform Leader Preston Manning takes when he stages flag debates in Parliament. "I'm not saying Manning is a fascist," adds Finkleman, "but his impulses are fascist."

In *More Tears*, feeling and truth play against each other in a constant dialectic. In the first episode, "Symbols," George and his on-air sidekick (gloriously played by Leah Pinsent, who both looks and sounds like Diane Sawyer) cover an archetypically sensational story: a baby is trapped in a well. As the media and politicians vie for ratings and votes, the dialogue is often hilarious. (George on the phone to his boss: "All we can do is hope and pray that she comes up in a decent time slot.") In the next episode, "Victims," the satire gets uncomfortable, as when Pinsent interviews a Nazi war criminal. "Those 11,000 people you allegedly murdered," she says. "How did you *feel*?"

As the show progresses through its three 30-minute episodes, it becomes darker, more extreme. In the last instalment, a 90-minute special titled "Nasty, Poor, Brutish and Short," George has a crisis of conscience, and decides to make a movie about the way people like him distort the news. George's movie-within-a-movie revolves around a provincial ministers' retreat in an unnamed northern location. As the politicians get increasingly drunk, violent and crude, a female police officer is raped and murdered. But the George clone (played with stunning vacuousness by *Shift* editor Evan Solomon) ignores the crime and focuses on the politicians' agenda—taping only their diatribes about welfare bums, immigrants and women.

It isn't funny. And clearly, it's not supposed to be. If *The Newsroom* took a cue from HBO's *The Larry Sanders Show*, then part of the inspiration for *More Tears* is Federico Fellini—in particular, the Italian director's *La Dolce Vita* and *8½*. Finkleman says he is obsessed with them. "I believe that most truths in movies are in those two pictures," he says. But the references in *More Tears* to Fellini, especially to *La Dolce Vita*, in which Marcello Mastroianni plays a tabloid journalist, are not merely a homage; they also re-create a satiric ethic. "Fellini had an idea about the corruption of Rome," Finkleman says. "And I think that corruption exists here."

The last episode of *More Tears* is difficult to watch, virtually doing away with any of the standard sops to audience expectation. And in creating a show about cultural cliches, Finkleman runs the risk of writing himself into one that is older than TV: the hubris tragedy, with the talented hero who flies too close to the sun. Finkleman is aware *More Tears* might bomb—but contends he just doesn't care. During the Geminis, he recalls, he ran into a CBC executive who asked whether the show would get decent ratings. "I said, 'I don't think for a second about that, and you shouldn't either—you're a public broadcaster.'"

For now, Finkleman is brimming with ideas. A jazz buff, he often takes his inspiration from bits of music. Popping a CD of late-'50s swing into his office stereo, he runs through the opening scene of a movie he says he will probably never write. "Suburbs, guy comes out of his house, looks like Peter Gunn, 1960, kisses wife and kids, drives away." Hands poised like a conductor's as the horns blare in the background, Finkleman walks the hero to a gleaming skyscraper, past his secretary, into his office. "He closes the door, takes down one of those huge pieces of office art, a statue, from the bookcase, puts it in his briefcase, throws it through the window." A crescendo, another wave of arms. "Then he jumps out the window." The tune falls off to a rumbling funk, punctuated by drum riffs. "That boom there," he says, pointing at the CD player. "That's his head hitting the cement." □

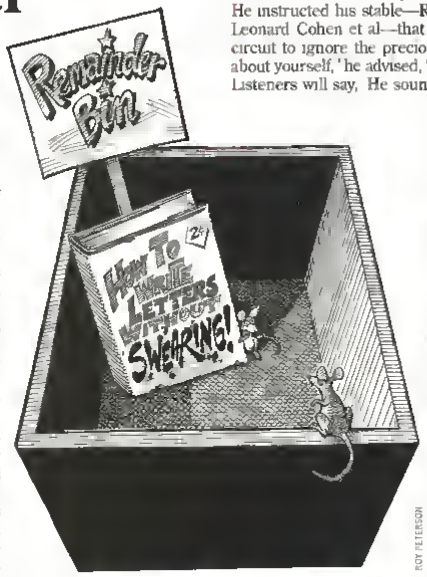


Finkleman and Pinsent (left) in scene from* More Tears*: sheer genius or complete madness

Allan Fotheringham



Jack McClelland, writ larger than life



The most amusing book in the spring season is not a book at all. It's simply a collection of letters. If only, damn, I had thought of it first. It depresses me.

For years, Canadian publishers have been slavering over the thought of Jack McClelland—who invented Canadian publishing—writing his memoirs. The parties, the drinking, the womanizing, maybe something even approximating the truth. He resisted, claiming no one would be interested.

Anna Porter, the shy and deferential Hungarian who runs Key Porter Books, finally got fed up with his procrastination. She collected all the letters to and from his many authors and had Sam Solecki, an English professor at the University of Toronto, edit them. The product is *Imagining Canadian Literature: The Selected Letters of Jack McClelland*—and you will not stop laughing.

Bennett Cerf used to be the most famous publisher in New York City, the home of publishing. One day, at a party at his home, a visitor asked his young son what he planned to do when he grew up. "Oh," replied the lad, "I plan to be a publisher." And why would that be, proffered the guest. "Well, all you do is stand around with your friends and drink and tell jokes."

The poor tad, an innocent given to truth, honestly thought that to be the case, since that is all he ever saw his dad doing. Jack McClelland's life, one would think, would indicate the same.

He did other things, however. He wrote letters to his authors. He treated them all the same, as the saying goes. Like dirt. But with obvious affection. To Mordecai Richler: "This letter is to inform you officially that I have just accepted the appointment as Editor-in-Chief of the Ryerson Press." He explains that "I must tell you that it will mean some change in your writing style. All four-letter words must be omitted and, in future, please no references to screwing, buggery or to any perverted acts. I admit that won't leave you much to write about, but that's the price of loyalty."

He told one of his favorite authors he was, "out of your mind." And, further, "a [censored]." The most hilarious episode in a terribly serious correspondence with Earle Birney while the latter was trying to replicate ordinary army talk in his wartime *Turvey* novel, McClelland earnestly telling the author that he would concede a certain amount of army slang for the female genital equipment, if Birney would agree to give up the army language for fornication. You couldn't make it up.

McClelland used to say, "You don't sell books, you sell authors." He instructed his stable—Richler, Pierre Berton, Farley Mowat, Leonard Cohen et al—that on book-flog tours on the talk-show circuit to ignore the precious book they had just written. "Talk about yourself," he advised, "your hobbies, your sex life, whatever. Listeners will say, 'He sounds like an interesting guy. I think I'll buy that book.'"

The rogue McClelland is proof incarnate that all great institutions are the product of one predominant personality. It's the same in the black art of journalism. Joseph Pulitzer. William Randolph Hearst, who sent a photographer to the nonexistent Spanish-American War in Cuba who wired that there "is no war." Hearst wired back: "You supply the pictures. We'll supply the war." He did.

Beland Honderich, supposedly retired, a man I have never met, still has his fingerprints all over *The Toronto Star* and his son, who runs it, knows it. John Bassett's *Toronto Telegram* simply dripped his boulevardier personality. Col. Bertie McCormick's chauvinistic, xenophobic *Chicago Tribune* boasted on its front page masthead: "The World Finest Newspaper."

Henry Luce, his *Time* magazine just celebrating its 75th anniversary, was a journalistic genius in his own prejudiced way. One day, Stuart Keate, publisher of *The Vancouver Sun* and a similar singular personality as McClelland, lectured a smart-ass young columnist who was dumping on Luce and *Time*. Keate had been the first boss in Montreal of *Time*'s Canada edition. He pointed out that Luce was paying unknown, unnamed editors in New York $65,000 a year to rewrite reporters' copy and, as a result, had dragged upward the meagre pittance of every scribbler in the land. He was right.

Strong personalities produce strong products. This brings us around to today—as McClelland no doubt chuckles over his just-published late-night rants via Johnnie Walker Black—the dismal news that the bloodless Time-Warner empire, now partly owned by Ted Turner, has killed off Little, Brown (Canada), their publishing arm run out of Boston. Their Toronto outfit has been bossed by the ineffable Kim McArthur, a former high-school teacher and night club singer who was asked by some Boston executive why she thought she could sell books. "Look, buster," she replied in her inimitable way, "I taught 17-year-old football players how to like Shakespeare. You think I couldn't sell books?" She got the job.

Until the mega-corps got into the business. Until Ted Turner and Rupert Murdoch and Bill Gates and three other guys bought the world. Committee-think. Jack McClelland wouldn't have lasted Andy Warhol's 15 minutes in such a bloodless world.



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